

Annual Report 1987

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Thomas Jefferson frequently spoke of his abiding faith in the integrity and intrinsic worth of rural life. He viewed farmers as the model of true citizens — independent, resourceful people who cherished hard work.

One of Jefferson's successor's, Abraham Lincoln, profoundly affected the development of agriculture by signing the Homestead Act, the Merrill Act and a bill creating the forerunner of today's U.S. Department of Agriculture.

From the foundation laid by Lincoln, farming continues to develop. Changes in society and technology have cast farmers in the role of agricultural "pioneers." Illinois farmers have adapted to change by combining the expanded production of agricultural commodities with an emphasis on financial management and international strategies.

Illinois assists its farmers as they contend with new challenges by providing the world's best infrastructure to support agriculture — transportation, communications, public utilities, financing, marketing and processing. The Illinois farmer stands at the frontier of new biotechnologies that will rival John Deere's plow and Cyrus McCormick's reaper in economic importance and impact.





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**To The Governor,
Members of The General Assembly,
and Citizens of Illinois:**

As Comptroller of the State of Illinois, I am pleased to transmit the State's Annual Report for the year ended June 30, 1987. This report presents comprehensive financial and operating information about the State's activities during fiscal year 1987 that is useful to you, the citizenry, and to other financial statement users.

Contained herein are financial statements, footnotes, and other fiscal information. Section I has been prepared in accordance with generally accepted accounting principles as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). The State Auditor General has performed an examination of these financial statements in accordance with generally accepted auditing standards and his unqualified opinion is presented herein. Section II presents the State's traditional budgetary financial report, which has been prepared generally on the basis of cash received and cash disbursed, adjusted for lapse period expenditures. The Report of the Independent Accountant, pertaining to the budgetary financial report, is contained in Section II.

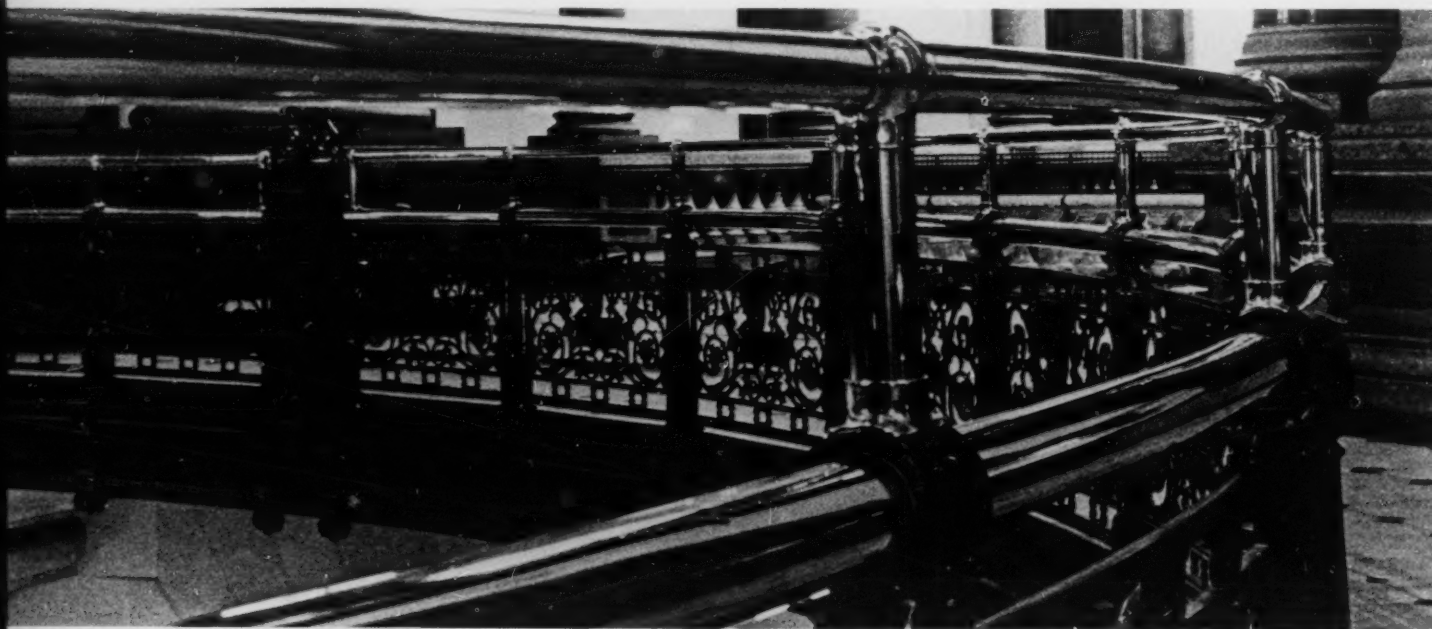
State Government

The State of Illinois is formally organized according to executive, legislative and judicial functions. The Governor is the chief executive of the State and is generally responsible for administration of the government exclusive of the offices of other constitutionally-elected officials. The other elected officials are the Lieutenant Governor, Attorney General, Secretary of State, Comptroller, and Treasurer.

The Illinois State Constitution provides that all elected officials of the Executive Branch of State Government hold office for four year terms. Pursuant to the Constitution, these officials were elected at a general election in 1986. The legislative power of the State is vested in the General Assembly, which is composed of the Senate and the House of Representatives. Both the Senate and the House meet in annual sessions to enact, amend or repeal laws and to adopt appropriation bills. The Judicial Branch is composed of the Supreme Court, the Appellate Courts and the Circuit Courts. At June 30, 1987, the State had approximately 115,000 employees.

About Illinois

Illinois, bordering on Lake Michigan, is a state of diversified economic strength with a population of more than 11,000,000. Personal income by industrial source in Illinois is similar to that of the United States as a whole. Measured by per capita income, Illinois ranks fourth among the ten most populous states. Illinois ranks third among all states in agricultural exports and ranks second in total cash receipts from crop sales. Also, it ranks among the top five states in several measures of manufacturing activity. Chicago, the State's largest city, serves as the transportation center of the Midwest and the headquarters of many of the nation's major corporations and financial institutions. Employment characteristics in Illinois are similar to the United States in terms of workforce composition.



Enhanced Accounting System

During the past two years, my Office has undertaken an ambitious effort to design and implement an expanded and enhanced statewide accounting system to meet the needs of all State agencies, including central fiscal offices and the General Assembly. This accounting system will, in addition to providing budgetary information, generate timely accounting, control and management information, prepared in accordance with generally accepted accounting principles, for use by managers, legislators and citizens throughout the State government. While development has been temporarily delayed due to a lack of funding, plans call for a core system to be operational at central fiscal agencies by July 1990, with a phased implementation at other agencies to follow.

Cash Management

In Illinois, the State Treasurer is responsible for investing all cash resources with the exception of those held by the retirement systems, and certain debt service, enterprise, agency, universities and colleges endowments and other locally-held funds. Of the five retirement systems, three pool their resources for investment and two invest their resources under investment master trustee arrangements with individual investment managers. The universities and colleges are granted independent powers to invest their funds which are held outside the State treasury. Interest income earned on the cash resources received and invested by the State Treasurer is allocated to the various funds (where specified by law) based on the average daily cash balances invested.

During fiscal 1987, this Office developed and published rules and procedures to implement the Illinois State Collection Act of 1986. Under these procedures State agencies are required to provide the Comptroller's Office with quarterly information which summarizes accounts receivable activity, balances, and the status of outstanding accounts. These procedures are intended to improve the timeliness of collections of accounts receivable.

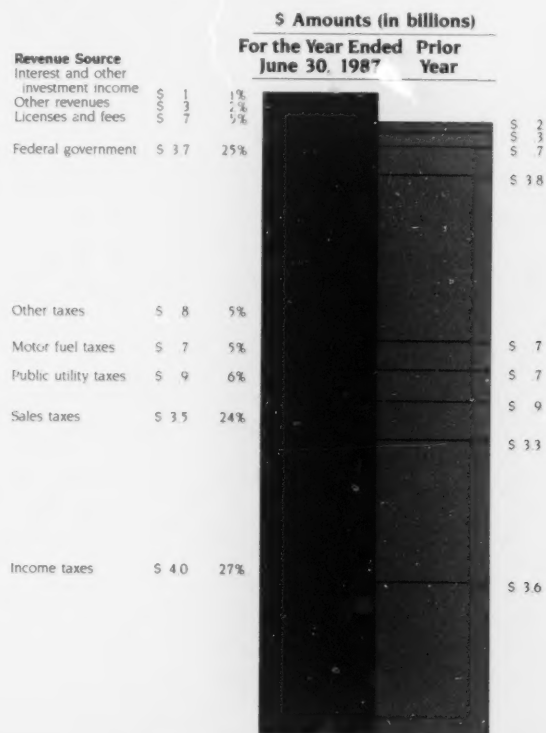
General Governmental Functions

The governmental fund types are those through which most State functions are financed. These fund types (the general, special revenue, capital projects, and debt service funds) are presented on a modified accrual basis of accounting. Throughout the year, the Comptroller's Office publishes a *Monthly Fiscal Report* which summarizes the status of revenues and expenditures and analyzes various programs and activities. These detailed reports are available on request.

Revenues on the modified accrual basis are recognized when they are both measurable and available to finance current operations. Revenues (amounts expressed in millions) from various sources for fiscal years 1987 and 1986 were as follows:

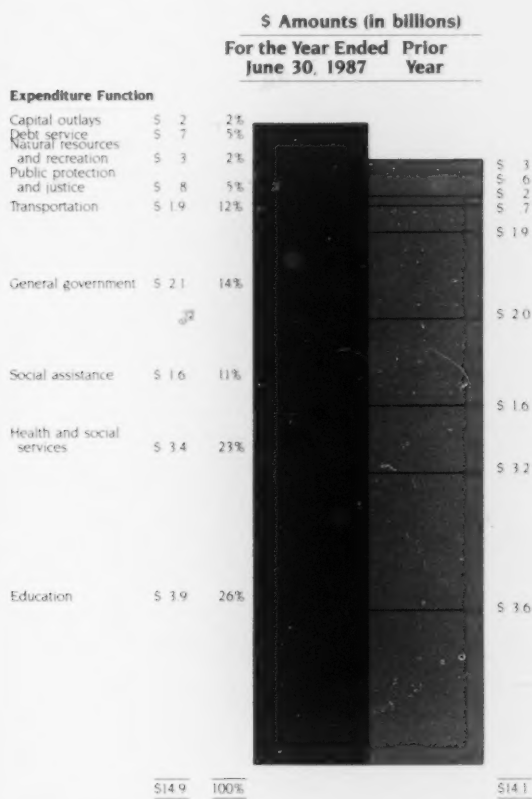
Revenue Source	Amount		Percentage of Total	
	1987	1986	1987	1986
Taxes:				
Income	\$ 3,971	\$ 3,586	27%	25%
Sales	3,468	3,355	24	24
Public utility ..	915	871	6	6
Motor fuel	690	671	5	5
Other	800	680	5	5
Federal government ...	3,753	3,782	25	27
Licenses and fees	703	685	5	5
Interest and other investment income	132	178	1	1
Other	294	342	2	2
	\$ 14,726	\$ 14,150	100%	100%

Fiscal year 1987 revenues increased by \$576 million (4.1%) over 1986. This increase was primarily attributable to higher tax collections. While tax rates were unchanged, income tax collections increased \$385 million (10.7%) from fiscal year 1986, primarily as the result of changes in federal tax policy for individual income taxes and growth in the individual income tax base. Sales tax revenues were up \$113 million (3.4%) due to an increase in retail sales in the State. Other taxes revenues were up \$120 million (17.6%) mainly because of increased cigarette and inheritance tax revenues. Public utility tax revenues increased \$45 million (5.2%) primarily due to message taxes released from the Protest Fund. These increases were partially offset by decreases in other revenues (\$48 million) and interest and investment income (\$46 million). Federal government revenues remained relatively stable (decreasing \$29 million) during fiscal year 1987. The major components of federal government revenues are funding for public aid, highways, job training, and elementary and secondary education.



Expenditures for governmental fund types are presented on the modified accrual basis of accounting. Expenditures (amounts expressed in millions) for major governmental fund functions in fiscal years 1987 and 1986 were as follows:

Expenditure Function	Amount		Percentage of Total	
	1987	1986	1987	1986
Education	\$ 3,891	\$ 3,638	26%	26%
Health and social services .	3,407	3,176	23	23
Social assistance	1,622	1,619	11	11
General government	2,059	1,942	14	14
Transportation	1,863	1,917	12	14
Public protection and justice	780	731	5	5
Natural resources and recreation .	307	211	2	1
Debt service	676	604	5	4
Capital outlays	253	263	2	2
	<u>\$ 14,858</u>	<u>\$ 14,101</u>	<u>100%</u>	<u>100%</u>



Expenditures of \$14,858 million in fiscal year 1987 represented an increase of \$757 million (5.4%) over 1986. The majority of the increase was attributable to education and health and social services. Education expenditures increased \$253 million (7%) from the prior year. The expenditures for 1987 include increased funding for State aid to local schools, along with various

other education programs. Health and social services expenditures increased \$231 million (7.3%), primarily as a result of increased expenditures for medical assistance grant programs.

Public elementary and secondary education in Illinois is administered by local school boards within guidelines set by the State Board of Education. The major revenue sources for education are locally levied property taxes and State aid. During fiscal year 1987, 1.8 million students were enrolled in Illinois public schools, down from 2.2 million enrolled in fiscal year 1978.

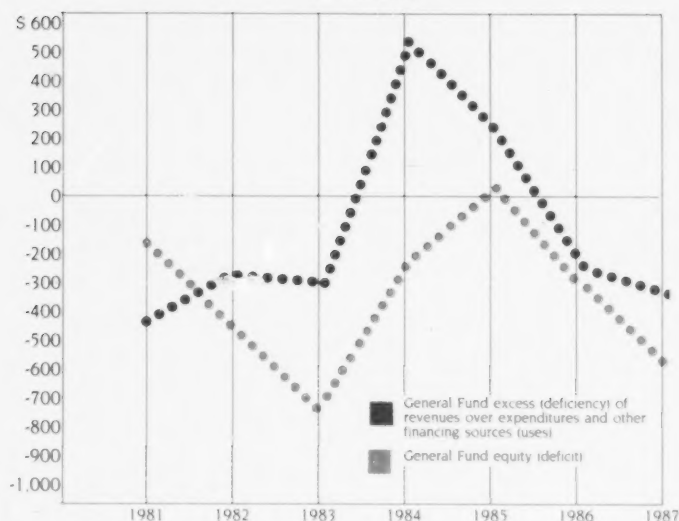
On a budgetary basis, elementary and secondary education spending of \$2.8 billion accounted for 25% of General Funds spending in fiscal year 1987. Between fiscal years 1983 and 1987, General Funds spending for elementary and secondary education increased by approximately \$800 million (40%) due, in part, to the enactment of an educational reform package. Because of the States' fiscal shortfalls, this growth trend was reversed in fiscal year 1988, as appropriations are \$131 million or 4.7% below fiscal year 1987 appropriations.

The Illinois Department of Public Aid promotes health care and income assistance for Illinoisans who are unable to achieve a reasonable living standard. On a budgetary basis, Public Aid spending of \$3.2 billion in fiscal year 1987 accounted for 28.2% of General Funds spending, an increase of \$1.1 billion (53.5%) during the past decade. In fiscal year 1987, Public Aid spending included \$1.7 billion for medical assistance and \$1.2 billion for the Aid to Families with Dependent Children, General Assistance, and Aged, Blind, and Disabled income assistance programs. During fiscal year 1987, an average of 1.2 million individuals were eligible for medical aid and 900 thousand individuals were receiving income assistance. Total fiscal year 1988 Public Aid appropriations are \$80 million (2.5%) above fiscal year 1987 appropriations.

The development and maintenance of Illinois' highway network is one of the major State programs. The Road Funds receive license fees, a portion of the motor fuel tax, and federal highway aid. The monies in these funds are used for highway construction and maintenance and indirectly finance construction by paying debt service for general obligation highway bonds. In fiscal year 1987, spending from these funds totalled \$1,528 billion, including \$859 million for highway construction, \$486 million for operations, and \$142 million for debt service. In contrast, spending totalled \$711 million in fiscal year 1978, including \$270 million for construction, \$336 million for operations, and \$55 million for debt service.

Many State programs are accounted for in the General Fund. As demonstrated by the following table, at June 30, 1987 the General Fund had reached a deficit position which made it hard to pay bills on time. A similar situation developed in 1983 and 1984 and resulted in a temporary 20% tax increase, enacted July 1, 1983, retroactive to January 1, 1983 and in effect through June 30, 1984.

General Fund GAAP Basis Fund Balance FY 1981-'87
(in millions)



Expendable Trust Funds

Total revenues for the State's expendable trust funds decreased slightly (.4%) from \$1,610 million in fiscal year 1986 to \$1,603 million in fiscal year 1987. Total expenditures decreased 4.4% from \$932 million in 1986 to \$891 million in 1987, primarily attributable to lower unemployment benefit claims paid.

By far the largest expendable trust fund is the State Unemployment Compensation Trust Fund. The unemployment insurance (UI) system is a joint State-federal program designed to provide cash assistance to involuntarily unemployed workers regardless of need. During fiscal year 1987 the UI system provided 6.1 million weeks of benefits to laid off workers at an average weekly stipend for recipients of regular benefits of \$144. The State is responsible for determining benefit levels, eligibility criteria, and for setting State UI tax levels sufficient to pay the benefits. The federal government provides all administrative funding and mandates minimal coverage requirements. A separate federal unemployment tax is assessed by the federal government to finance these administrative costs and to provide a source of funds for states to borrow during periods of high unemployment.

Because benefit claims paid from the Fund significantly exceeded employee contributions to the Fund during fiscal years 1976 to 1983, the Fund incurred a large debt to the U.S. Treasury. Through good management and the cooperation of a coalition of labor and business, such loans have been paid off, with the final payment of \$570 million on November 9, 1987. At that time a new unemployment insurance agreement was enacted which raises benefits and lowers the business tax burden. The Fund is now in a fiscally sound position.

Proprietary Funds

Combined operating revenues for the State's enterprise funds increased by \$66 million (3.9%) from \$1,696 million in fiscal year 1986 to \$1,762 million in fiscal year 1987. Combined operating expenses increased from \$1,081 million to \$1,131 million, an increase of \$50 million (4.6%) during the same period. Increased activity at the State Toll Highway Authority and the State Lottery comprised the majority of these fluctuations.

The State's internal service funds, which provide data processing, motor pool vehicles, telephone communications, office supplies, printing services and self insurance to State agencies, operated at a breakeven level for fiscal year 1987. Combined internal service funds revenues exceeded expenses by less than \$1 million.

University and College Fund Type

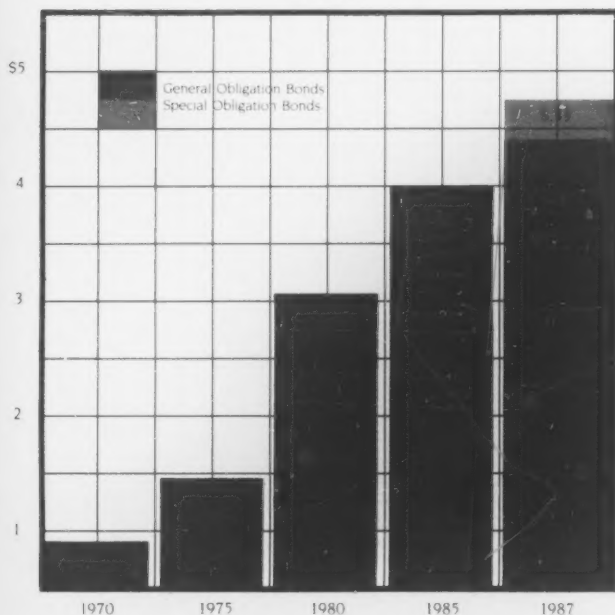
Illinois operates a comprehensive program of higher education, including 10 major universities and support for a statewide network of community (junior) colleges. The State's flagship university, the University of Illinois, is known and respected throughout the Country for its educational, research and athletic programs. During fiscal 1987, college and university expenditures increased \$199 million (8.4%) over 1986. As of the writing of this letter, Illinois is a finalist for the federal Super Collider project, which would compliment the accelerator project already located in Batavia, Illinois.

Debt Administration

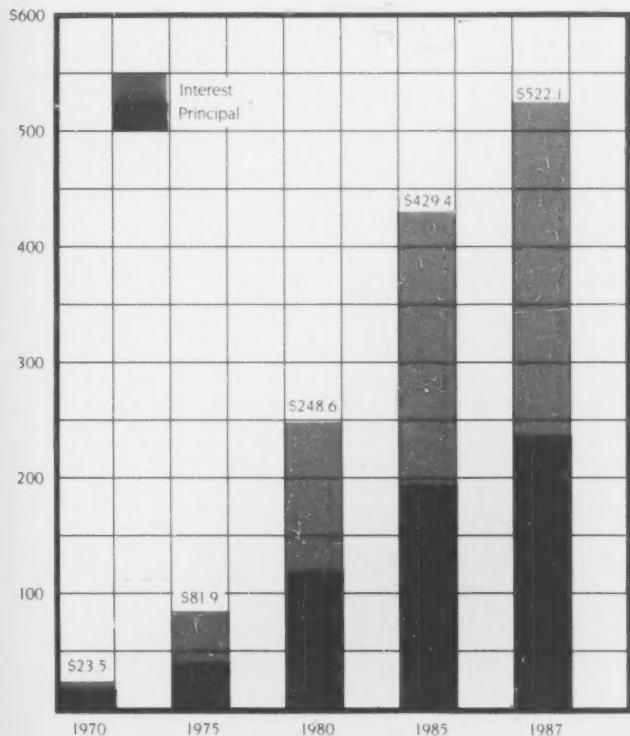
During 1987 Illinois continued to receive high bond ratings for its general obligation bonds (Aaa from Moody's Investor Service and AA+ from Standard and Poor's Corporation) and its special obligation bonds (ranging from AAA by Standard and Poors for Build Illinois bonds to Baa-1 by Moody's for Civic Center bonds). Outstanding general and special obligation bonds at June 30, 1987 totaled \$4.132 billion. Bonds were issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, corrections and conservation purposes, and for maintenance and construction of highway and waterway facilities. Bonds have also been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, local schools, mass transportation and aviation purposes, and to fund research and development of coal as an energy source.

General and special obligation bonds aggregating \$490 and \$216 million, respectively, were issued during fiscal year 1987 at average interest rates ranging from 6.22% to 7.92%. During 1986, general and special obligation bonds totaling \$640 and \$190 million, respectively, were issued at average interest rates ranging from 7.15% to 9.64%. The dramatic increase in the State's general obligation debt and debt service costs from fiscal year 1970, which was the year of passage of the current State Constitution, to fiscal year 1987 is displayed in the graphs on the following page.

Outstanding General and Special Obligation Debt
FY 1970-87
(in billions)



Debt Service Expenditures
FY 1970-87
(in millions)



Build Illinois Program

In fiscal year 1986 the State established the "Build Illinois" Program which expands the State's effort in economic development by funding new initiatives and accelerating existing initiatives in business development, infrastructure construction and replacement, education, and protection of the environment. The Program's purpose is to improve the State's overall business climate and thereby to attract new business and maintain or expand current business in Illinois. Total authorized spending over a period of eight years is \$1.3 billion. This program is to be financed through issuance of \$948 million in dedicated State tax revenue bonds and \$380 million in funding from current general tax revenues. Spending to date from the Build Illinois Program was \$51 million in fiscal year 1986 and \$175 million in fiscal year 1987.

Retirement Systems

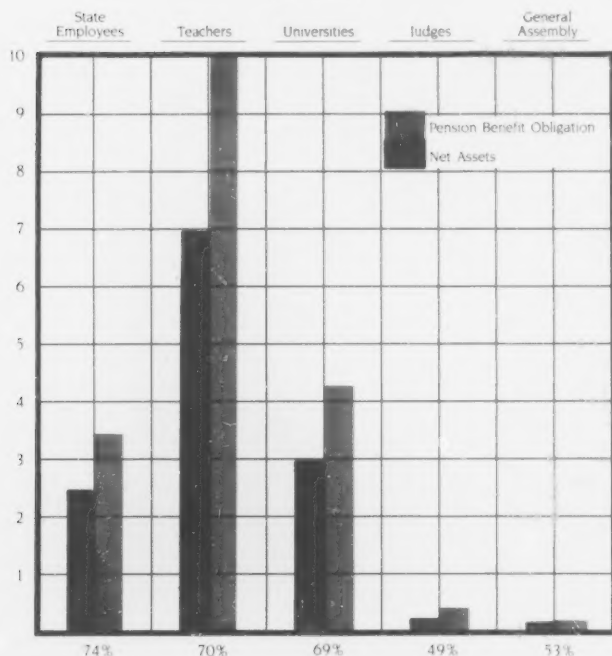
Total net assets of the State's five pension trust funds, on a current market basis, aggregated \$12.5 billion at June 30, 1987 (\$11 billion at cost). The most current actuarial valuations of the pension trust funds indicated that the actuarial present value of credited projected benefits was \$17.9 billion, exceeding net assets of the funds by \$5.4 billion on a market basis (\$6.9 billion at cost). On a market value basis, the funding ratio for all funds combined decreased to 70% at June 30, 1987 from 77.3% at June 30, 1986. On a cost basis, the funding ratio decreased to 61.4% at June 30, 1987 from 68% at June 30, 1986. The funding ratios for the individual retirement systems for fiscal year 1987 at market value are illustrated in the chart below.

In recent years, the State has funded its contributions to the pension systems at a ratio of approximately 60% of the amount being paid out. This resulted in underfunding of pension expense as prescribed by generally accepted accounting principles by \$363 million for fiscal year 1987, and by \$2.77 billion on a cumulative basis since 1981. This strategy may have been appropriate during periods of significant gains in the market value of investments held by the systems, but must be reconsidered during periods of stable or declining investment values.

In the months since June 30, 1987, and dramatically on October 19, 1987, the stock market has declined precipitously. The "paper" value of the State's investments in corporate equity securities declined substantially during this period. However, the pension systems' investments must be viewed in a long-term perspective, and temporary declines in the stock market are often offset by gains in bond values. While there should not be immediate concern over the stability of the State's pension systems, it is important to closely monitor and guide future funding and investment practices to protect against unhealthy increases in unfunded pension obligations.

Net Assets Compared to Pension Benefit Obligations by Retirement System (at market)

FY1987
(in billions)



The State's "Checkbook" Balance

The State of Illinois operates on a "cash basis," where bills are paid with the available balances of cash on hand. As past fiscal activities indicate, the State needs a daily balance of approximately \$200 million in its General Funds. In recent years and months, the month end available balance has consistently fallen below this warning zone. The current and past months of cash flow difficulties are apparent in the following tables of the State's "checkbook balance" and of the fund balance (deficits) of the State's General Funds as determined on the traditional budgetary basis.

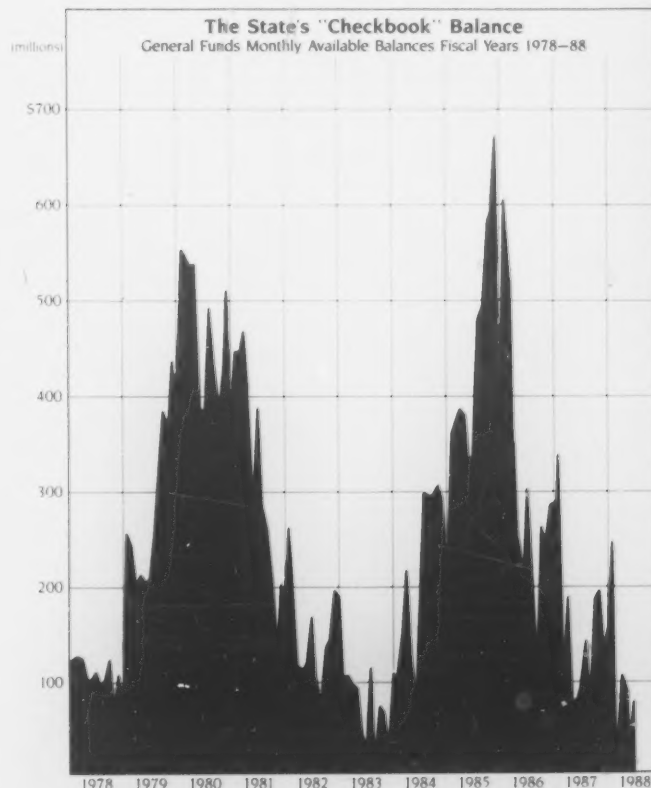
We expect cash flow to be less of a problem in the last quarter of fiscal year 1988 following the influx of fiscal year 1987 income tax payments. However, spending must be carefully monitored to protect the State's fiscal credibility and credit ratings. Budget projections call for available balance of \$200 million on June 30, 1988. This will have a similar impact on the budgetary fund balance.

From time to time the State borrows working capital on a short-term basis. Such borrowing requires the concurrence of the Governor, Treasurer and Comptroller. During fiscal 1987, the State borrowed \$100 million, which will be repaid on February 1, 1988. Similar short-term borrowing of \$200 million was required at the end of fiscal year 1983 and the beginning of fiscal year 1984. No additional short-term borrowing is contemplated at this time.

Budgetary Controls

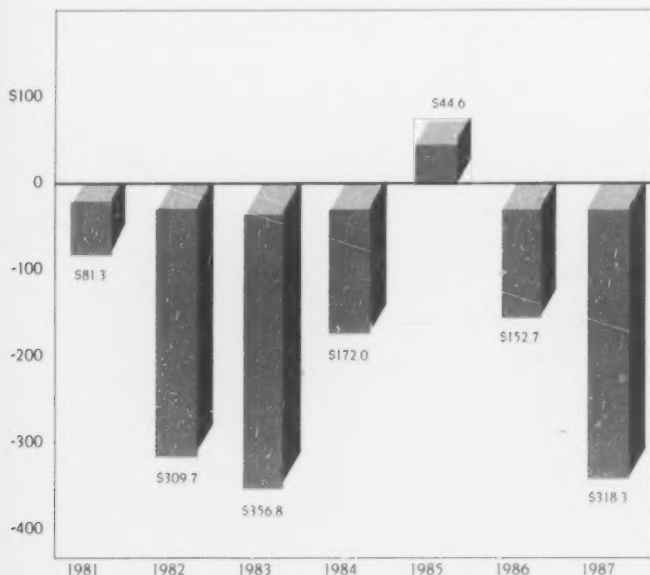
The Comptroller's Uniform Statewide Accounting System (CUSAS) provides the basis for receipt, expenditure and encumbrance reporting of all State treasury held funds with specific line-item limitations on expenditures for all budgeted funds. A reconciliation between the GAAP and budgetary basis of accounting is presented in Note 2 of the financial statements. The budgetary system (CUSAS) classifies funds into traditional groupings which do not conform with the fund type classifications set forth by the GASB; therefore, a reclassification of budget categories to GAAP financial statement fund types is presented in Note 2.

Illinois operates with a three-month lapse period, July 1 to September 30, during which State agencies can expend funds appropriated in the prior year if encumbered by June 30. For all fund types, goods or services received prior to June 30 are recorded as liabilities and expenditures or expenses, whichever is appropriate. For governmental fund types, lapse period expenditures for goods or services encumbered as of June 30 and received prior to September 30 are reported as reservations of June 30 fund balances and not as liabilities or expenditures.



General Funds Budgetary Fund Balance (Deficits)

FY1981-87
(in millions)



Prospects for the Future

Illinois' manufacturing industries are emerging from a long slump prepared to take advantage of growing export demand. Similarly, the economic climate appears to be improving for Illinois farmers.

Rigorous streamlining has resulted in a smaller, but far more competitive Illinois manufacturing sector. With the weaker dollar of recent months, manufacturers should be able to profit from their capital investments as exports of manufactured products are increasing, import competition is easing, and foreign companies are expanding their U.S. manufacturing subsidiaries.

The lower dollar combined with government export subsidies have led to increased U.S. crop exports which help farm incomes and are reducing large U.S. crop inventories. As a result, farm land prices have stabilized and farmers have been able to reduce their debt burden.

The stock market crash has clouded economic forecasts. Most experts expect modest economic growth during 1988 as the positive impact of increased exports should offset any loss to the economy from reduced consumer purchases. However, higher import prices could boost the inflation rate. Because the manufacturing and agricultural sectors which are strong in Illinois are expected to outperform the national averages, economic growth in Illinois during 1988 should exceed the national growth rate.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Illinois for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1986. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to conform to Certificate Program requirements. I will be submitting it to the GFOA to determine its eligibility for another Certificate.

Sincerely,

Roland W. Burris

Roland W. Burris
Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1986

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program standards.



President

Executive Director

The State of Illinois was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada for its Annual Financial Report for the year ended June 30, 1986.

Office of the Comptroller

The Office of the Comptroller was created by the 1970 Constitution and designated as the State's chief fiscal officer. In this role of chief fiscal officer, the Comptroller is responsible for reviewing, maintaining and improving the fiscal control over the influx of revenues and the outflow of expenditures from the State Treasury. The Comptroller also reports monthly and annually on the fiscal health of the State, designs and prepares the State's central accounting system and makes available information about the State's activities for public review.

The Treasurer has custody of many of the State's funds and is responsible for the investment of these funds and for the availability of these funds to pay the State's bills. It is the Comptroller, however, who orders all payments into (deposits) and payments out of (warrants or checks) the numerous funds held by the Treasurer. No payment can be made from any fund held by the Treasurer without the approval of the Comptroller.

The Comptroller is also responsible for determining the legality of each bill presented for payment. In fiscal year 1987 this responsibility involved the central accounting of over \$20.5 billion in expenditures from State treasury-held funds.

The Comptroller issued more than 15.1 million warrants (checks) in fiscal year 1987 including the payroll for over 115,000 State employees and approximately 2.25 million warrants for State income tax refunds.

The Comptroller's Uniform Statewide Accounting System (CUSAS) now provides for immediate access to State financial information on a daily basis. With the use of computer programs, financial reports are generated each day which show the amount of money received or disbursed and the amount available in each account.

The Comptroller is responsible for maintaining on file all State contracts with various companies or individuals as well as the storage and retrieval of all documents supporting the payout of tax money. Millions of individual records and support documents are retained for a period of five years after which time the support documents are destroyed but the warrant is microfilmed and retained for a period of seven years.

The Comptroller also maintains summary information on certain State funds which are authorized to be held outside the State Treasury. These locally held fund reports are filed quarterly with the Comptroller's Office.

Fixed asset reports are filed with the Comptroller's Office by all State agencies on a quarterly as well as on an annual basis. Summary accounts receivable reports are filed quarterly by agencies which have outstanding accounts at quarter end. The fixed assets and receivables reports are reconciled and maintained on file at the Comptroller's Office.

Current records of the State's outstanding bonded indebtedness and certain other bonding information are also collected, summarized and published by the Comptroller.

Other functions of the Comptroller's Office include maintaining fiscal reports which are filed by local government units and carrying out the various provisions of the Cemetery Care Act.

These functions are accomplished by the Comptroller through offices located in Springfield and Chicago.



Roland W. Burris
Comptroller
State of Illinois



Generally Accepted Accounting Principles Overview

Presentation

Section I contains the general purpose financial statements (GPFS) of the State of Illinois presented in accordance with generally accepted accounting principles (GAAP) for state governments, with an accompanying report on those statements from the State Auditor General and an analysis of GAAP basis revenues and expenditures.

The financial statements include a combined balance sheet for all funds of agencies, boards, commissions, authorities, universities and related foundations and associations that were deemed part of the State of Illinois financial reporting entity in accordance with GAAP as prescribed by the Governmental Accounting Standards Board. It also presents in separate operating statements: governmental and expendable trust fund types; proprietary and pension trust fund types; and university and college current funds. Also, the Combined Statement of Changes in Financial Position—All Proprietary Fund Types and Pension Trust Funds, and the Combined Statement of Changes in Fund Balances—University and College Fund Type have been included in the GAAP presentation.

An integral part of the GPFS is the Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances—Budget and Actual (Non-GAAP). All Budgeted Fund Groups. This statement incorporates expenditures recorded on the Comptroller's Uniform Statewide Accounting System (CUSAS) for both final budget and actual amounts that are presented in Section II of this annual report. The source for the revenue budget was the *Illinois State Budget*, with actual revenue amounts from CUSAS records which are reported in Section II. A comprehensive presentation of receipt and appropriation activity is provided in the *Illinois Detailed Annual Report*, a separate publication issued by the Comptroller's Office. The State of Illinois, pursuant to statute, enacts a budget on a basis of accounting other than GAAP and, therefore, must present additional data to provide a budget to GAAP reconciliation. Note 2 in Section I of the report incorporates data from the Budget and Actual (Non-GAAP) statement referred to above and supplies the necessary trail from the budgetary reporting system to the GAAP financial statements.

State funded universities, colleges, and their related foundations and associations are presented in the financial statements as a discrete reporting entity. The basis of accounting used in the State's presentation is set forth in the *College and University Business Administration* manual and the American Institute of Certified Public Accountants' *Audits of Colleges and Universities* with modifications to allow the combining of the university and college fund type balance sheet with the remaining fund types.

Results-General Fund (Budgetary Basis vs. GAAP)

Significant differences between the GAAP and the budgetary statements can be classified into two categories: Reporting classifications and basis of accounting adjustments.

Reporting classifications—

For GAAP purposes, the accounts within the General Fund have been combined and as a result of this combination, the \$706 million transfer of funds from the General Revenue Fund to the Common School Fund has been eliminated. Other major reporting differences include the reclassification of university and college expenditures from the education function to transfers-out for the GAAP statements and the recognition of federal receipts by the Department of Public Aid as a federal government revenue source versus a transfers-in as reported in the budgetary statements.

Basis of accounting adjustments—

GAAP adjustments resulting from significant differences in the basis of accounting include recording taxes and other receivables which are measurable and available to finance expenditures of the current period, and recording liabilities which will be paid from future year appropriations including State Board of Education reimbursement programs, Public Aid medical reimbursements and tax refunds.

Approach

The 1987 financial statements were compiled by management within my Office who are responsible for their integrity and objectivity, with the assistance of a computerized data accumulation system. GAAP adjustments and disclosure information for all treasury held and non-treasury held funds were submitted by State agencies and entered into the system. Without the assistance and cooperation of State agencies and organizations, the presentation of the following general purpose financial statements would not have been possible.

In the future, CUSAS will be enhanced to provide GAAP reporting information in addition to the budgetary information it currently provides, thus reducing the requirements for agency GAAP adjustments related to treasury held funds. While development has been temporarily delayed because of a lack of funding, plans call for a core system to be operational at central fiscal agencies by July 1990, with a phased implementation at other agencies to follow.

Section I

Generally Accepted Accounting Principles Financial Report



GAAP Basis

Revenue Analysis

The governmental fund types are those through which most State functions are financed. These fund types include the general, special revenue, capital projects and debt service. These funds are presented on a modified accrual basis of accounting with revenues being recognized when they are both measurable and available to pay liabilities of the current period and are presented net of refunds.

During the past six fiscal years beginning July 1, 1981 and ending June 30, 1987, total revenues have fluctuated significantly. On a GAAP basis, revenues ranged from a low of \$10.4 billion during fiscal year 1983 to a high of \$14.7 billion during fiscal year 1987. In current dollars, there was an average increase of 6% in governmental fund revenues during this period. However, on a constant dollar basis which reflects the reduction in the purchasing power of the dollar due to inflation, revenues experienced an average increase of only 1.7% during the same period.

Taxes were the largest revenue source over the last six years and comprised 66% of total revenues. Revenues from tax sources which include income, sales, public utility, motor fuel and other miscellaneous taxes increased an average of 6.5% during the last six fiscal years on a current dollar basis. In constant dollars, however, the average increase was only 2.2%.

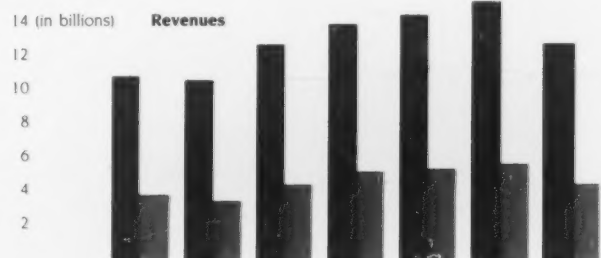
Income taxes, the largest tax source, increased 6.8% and 2.5% on a current and constant dollar basis, respectively. The average increase is primarily due to the temporary tax increase which was enacted during fiscal year 1984. Sales taxes increased an average of 7.1% during the last six years on a current dollar basis. The State's portion of the sales tax rate which was increased from 4% to 5% on January 1, 1984, is the major reason for the average increase in sales tax revenue. On a constant dollar basis, sales tax revenue increased an average of only 2.8%.

Federal government revenues, which is the second largest revenue source, decreased from \$2.83 billion in 1982 to \$2.79 billion during fiscal year 1983 before increasing to a high of \$3.78 billion during fiscal year 1986. In fiscal year 1987, federal government revenue was \$3.75 billion. This represents a small decrease from the prior fiscal year and is a normal fluctuation. The average increase is 4.6% during the six years on a current dollar basis. When considering the inflationary factor in constant dollars, however, the average increase was only .4%. The increases are primarily due to increased federal aid for highway construction, public aid, job training and elementary and secondary education.

Other revenues, including licenses and fees, interest and other investment income and miscellaneous other revenues, increased an average of 7.2% and 2.9% in current and constant dollars, respectively. During the current fiscal year, other revenues experienced a decrease of 6.3% on a current dollar basis and 8.4% on a constant dollar basis. This current year decrease was caused by a drop in interest income and a decrease in several miscellaneous receipt sources.

GAAP Basis
State of Illinois
Revenues
Governmental Fund Types
Fiscal Years 1982 Through 1987
(in millions)

	1982	1983	1984	1985	1986	1987	Avg.
Current \$	\$10,562	\$10,414	\$12,375	\$13,517	\$14,150	\$14,727	\$12,624
Constant \$	3,745	3,541	4,059	4,268	4,342	4,419	4,062
% inc./dec. over/under prior year in							
Current \$	0.6%	(1.4%)	18.8%	9.2%	4.7%	4.1%	6.0%
Constant \$	(7.5%)	(5.4%)	14.6%	5.1%	1.7%	1.8%	1.7%



GAAP Basis
State of Illinois
Revenues by Source
Governmental Fund Types
Fiscal Years 1982 Through 1987
(in millions)

	1982	1983	1984	1985	1986	1987	Avg.
Tax revenues							
Current	\$ 6,952	\$ 6,928	\$ 8,314	\$ 8,921	\$ 9,163	\$ 9,844	\$ 8,354
Constant	\$ 2,465	\$ 2,356	\$ 2,727	\$ 2,817	\$ 2,812	\$ 2,953	\$ 2,688
% inc./dec.							
Current	2.1%	(0.3%)	20.0%	7.3%	2.7%	7.4%	6.5%
Constant	(6.1%)	(4.4%)	15.7%	3.3%	(0.2%)	5.0%	2.2%
Federal government revenues							
Current	\$ 2,832	\$ 2,791	\$ 3,208	\$ 3,565	\$ 3,782	\$ 3,753	\$ 3,322
Constant	\$ 1,004	\$ 949	\$ 1,052	\$ 1,126	\$ 1,160	\$ 1,126	\$ 1,070
% inc./dec.							
Current	(2.6%)	(1.4%)	14.9%	11.1%	6.1%	(.8%)	4.6%
Constant	(10.4%)	(5.5%)	10.9%	7.0%	3.0%	(2.9%)	.4%
Other revenues							
Current	\$ 778	\$ 695	\$ 853	\$ 1,031	\$ 1,205	\$ 1,129	\$ 949
Constant	\$ 276	\$ 236	\$ 280	\$ 325	\$ 370	\$ 339	\$ 304
% inc./dec.							
Current	(10.5%)	(10.7%)	22.7%	20.9%	16.9%	(6.3%)	7.2%
Constant	(8.6%)	(14.5%)	18.6%	16.1%	13.9%	(8.4%)	2.9%

Note: Constant dollar amounts were derived using the Consumer Price Indexes
All Urban Consumers at June 30 for fiscal years 1982 through 1987 (1967=1.0)

GAAP Basis

Expenditure Analysis

Expenditures for the governmental fund types are presented on a modified accrual basis of accounting. On this basis, expenditures are recognized in most instances when the related fund liability is incurred, regardless of when cash is expended.

During the past six fiscal years, total governmental fund expenditures have varied on a GAAP basis from a low of \$10.6 billion during fiscal year 1982 to a high of \$14.9 billion during the fiscal year ended June 30, 1987. In current dollars, expenditures increased an average of 5.6% during the six year period. In constant dollars, however, total governmental fund expenditures merely kept pace with inflation, increasing an average of only 1.4% over the six year span.

Expenditures for education, including elementary and secondary and higher education, were the largest expenditure function during each of the past six years. Although remaining the largest overall expenditure function, educational expenditures experienced one of the lowest average increases of all GAAP expenditure functions, 4.8%. In constant, or "inflation adjusted" dollars, educational expenditures increased by an average of .6% during the six year period.

The health and social services expenditure function (medicaid, vocational rehabilitation and children and family services payments) was the second highest expenditure category during the past six years. Although increasing an average of 5.4% during the last six years on a current dollar basis, this expenditure function only increased by an average of 1.2% on a constant dollar basis.

General government expenditures, the third largest expenditure function during the six year period which is being analyzed, increased an average of 6.7% and 2.5% on a current dollar and constant dollar basis, respectively. The general government expenditure increases are primarily due to significant increases in personal property tax replacement revenues which were expended to local government taxing districts during fiscal years 1984 and 1985.

Transportation and social assistance expenditures increased an average of 5.6% and 3.7% respectively over the six year period in current dollars. In constant dollars, transportation expenditures increased an average of 1.4% while social assistance expenditures decreased an average of .6%.

Other expenditure functions including public protection and justice, natural resources and recreation, debt service and capital outlays constituted approximately 13% of the total governmental fund type expenditures over the six year period on a current dollar basis. Debt service interest had a significant increase, averaging 19.1% on a current dollar basis and 14.2% on a constant dollar basis. This increase is predominantly caused by a classification change during fiscal year 1985 which represents interest paid on income tax refunds as debt service interest rather than as a reduction of revenue. Natural resources and recreation showed an average increase of 13.7% on a current dollar basis and 9.3% on a constant dollar basis. Growth in expenditures related to the Build Illinois Program is the major reason for the increase.

Other expenditure functions and average percentage increases over the past six years in current and constant dollars, respectively, are as follows: public protection and justice (9.2%, 4.7%), debt service principal (8.0%, 3.6%) and capital outlays (4.9%, .6%).

For every Illinois citizen, an average of \$1,085 per year was expended from the governmental funds during the period July 1, 1982 and June 30, 1987, in current dollars on a GAAP basis. The increase in per capita expenditures averaged 5.5% during this period, again in current dollars. In inflation adjusted figures, an average of \$349 per year was expended for each Illinois citizen from the governmental funds. In constant dollars, this is an average percentage increase of only 1.2% over the six year period.

GAAP Basis
State of Illinois
Expenditures
Governmental Fund Types
Fiscal Years 1982 Through 1987
(in millions)

	1982	1983	1984	1985	1986	1987	Avg.
Current \$	\$10,594	\$10,608	\$11,700	\$13,141	\$14,101	\$14,858	\$12,500
Constant \$	3,757	3,607	3,837	4,149	4,327	4,458	4,023
% inc./dec. over/ (under) prior year in Current \$	(1.6%)	0.1%	10.3%	12.3%	7.3%	5.4%	5.6%
% inc./dec. over/ (under) prior year in Constant \$	(9.5%)	(3.9%)	6.4%	8.1%	4.3%	3.0%	1.4%



GAAP Basis
State of Illinois
Expenditures per Capita
Governmental Fund Types
Fiscal Years 1982 Through 1987
(nearest dollar)

	1982	1983	1984	1985	1986	1987	Avg.
Current \$	\$ 924	\$ 925	\$ 1,016	\$ 1,139	\$ 1,221	\$ 1,283	\$ 1,085
Constant \$	328	315	333	360	375	385	349
% inc./dec. over/ (under) prior year in Current \$	(1.6%)	0.1%	9.8%	12.1%	7.2%	5.1%	5.5%
% inc./dec. over/ (under) prior year in Constant \$	(9.4%)	(4.0%)	5.7%	8.1%	4.2%	2.7%	1.2%



Note: Constant dollar amounts were derived using the Consumer Price Indexes All Urban Consumers at June 30 for fiscal years 1982 through 1987 (1967 = 1.0)

Report of Auditor General



STATE OF ILLINOIS
OFFICE OF THE AUDITOR GENERAL
509 SOUTH SIXTH STREET
SPRINGFIELD
62701

ROBERT G. CRONSON
AUDITOR GENERAL

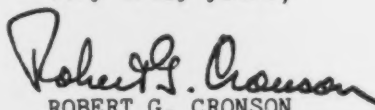
Honorable Philip J. Rock, President of the Senate
Honorable Michael J. Madigan, Speaker of the House
Members of the General Assembly
Honorable James R. Thompson, Governor
Honorable Roland W. Burris, Comptroller

We have examined the combined general purpose financial statements of the State of Illinois as of and for the year ended June 30, 1987 as listed in the foregoing table of contents for Section I. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the combined general purpose financial statements of the State of Illinois for the year ended June 30, 1987, listed in the foregoing table of contents for Section I, present fairly the financial position of the State of Illinois at June 30, 1987, and the results of its operations and the changes in financial position of its proprietary fund types and pension trust funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The statistical and economic data presented in this report were not audited by us, and, accordingly, we do not express an opinion thereon. The budgetary financial statements and schedules in Section II were examined on behalf of the Auditor General by Touche Ross & Co.

Very truly yours,


ROBERT G. CRONSON
Auditor General
State of Illinois

Springfield, Illinois
January 29, 1988

General Purpose Financial Statements



STATE OF ILLINOIS
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1987
(Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets:				
Cash and cash equivalents	\$ 370,105	\$ 1,126,934	\$ 130,393	\$ 270,420
Investments	120	440	24,741	
Receivables, net:				
Taxes	426,999	102,809		
Intergovernmental	286,789	602,395		3,108
Other	21,298	53,939	678	
Due from other funds	263,790	163,448		
Inventories	25,666	24,042		
Prepaid expenses				
Loans and notes receivable	26,483	50,820		
Restricted assets		18		
Property, plant and equipment, net				
Other assets	52,689	1,383		
Amount available in debt service funds for:				
Retirement of general obligation bonds				
Retirement of special obligation bonds				
Amount to be provided for:				
Retirement of general obligation bonds				
Retirement of special obligation bonds				
Retirement of other obligations				
Pension liabilities				
Total assets, amounts available and amounts to be provided for retirement of long-term obligations	\$ 1,473,939	\$ 2,126,228	\$ 155,812	\$ 273,528
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,240,167	\$ 241,656	\$ 2	\$ 49,607
Intergovernmental payables	426,977	396,116		9,895
Due to other funds	243,195	189,556		203
Deferred revenues	51,064	22,961		2,185
Liabilities payable from restricted assets		18		
Depository and other liabilities		2,979	492	
Notes/general obligation certificates payable	100,000			
Accrued retirement costs				
General obligation bonds payable				
Special obligation bonds payable				
Revenue bonds payable				
Federal advances for unemployment compensation benefits				
Other obligations				
Total liabilities	2,061,403	853,286	494	61,890
Fund equity:				
Contributed capital				
Investment in fixed assets				
Retained earnings:				
Reserved for revenue bond and note retirement				
Reserved-other				
Unreserved				
Fund balances (deficits):				
Reserved for:				
Encumbrances	55,221	850,961		474,977
Long-term portion of:				
Intergovernmental and other receivables	13,649	320,597		
Loans and notes receivable	23,204	47,472		
Inventories	25,666	24,042		
Unemployment compensation benefits				
Net assets available for plan benefits				
Restricted fund balance				
Endowment and similar funds				
Other	52,050			
Unreserved:				
Designated for:				
Debt service			155,318	
Other				
Undesignated	(757,254)	29,870		(263,339)
Total fund equity (deficit)	(587,464)	1,272,942	155,318	211,638
Total liabilities and fund equity	\$ 1,473,939	\$ 2,126,228	\$ 155,812	\$ 273,528

The accompanying notes to the financial statements are an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Type	University and College Fund Type		Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	Universities and Colleges	General Fixed Assets	General Long-Term Obligations		
\$ 125,864	\$ 15,442	\$ 1,670,590	\$ 259,992			\$ 3,969,740	
1,014,504		11,004,631	252,726			12,297,162	
		408,380				938,188	
1,777	31	7,599	4,011			905,710	
60,244	1,580	167,873	74,956			380,568	
11,075	47,201	14,600	113,296			613,410	
5,423	7,119		36,973			99,223	
2,823	27		19,044			21,894	
1,474,630			54,221			1,606,154	
328,835			6,083			334,936	
689,650	60,378	1,908	3,057,098	\$ 2,560,917		6,369,951	
10,210	44	1,281,897	3,614			1,349,837	
					\$ 124,414	124,414	
					30,904	30,904	
					3,681,806	3,681,806	
					294,896	294,896	
					766,129	766,129	
					2,770,437	2,770,437	
\$ 3,725,035	\$ 131,822	\$ 14,557,478	\$ 3,882,014	\$ 2,560,917	\$ 7,668,586	\$ 36,555,359	
\$ 120,080	\$ 39,436	\$ 36,691	\$ 234,931			\$ 1,962,570	
5,482		576,758	200			1,415,428	
9,415	888	150,495	19,658			613,410	
18,910	861	2,872	39,408			138,261	
26,477			358			26,853	
70,353	12,495	1,799,141	11,831			1,897,291	
97,986			11,368			209,354	
					\$ 2,770,437	2,770,437	
					3,806,220	3,806,220	
					325,800	325,800	
2,546,191		583,610	289,141			2,835,332	
3	16,514		100,229			583,610	
2,894,897	70,194	3,149,567	707,124			882,875	
					7,668,586	17,467,441	
45,123	22,541					67,664	
			2,718,853	\$ 2,560,917		5,279,770	
173,558						173,558	
49,514						49,514	
561,943	39,087					601,030	
			53,381			1,434,540	
						334,246	
						70,676	
						49,708	
		437,083				437,083	
		10,956,508				10,956,508	
		1,292	48,255			48,255	
			161,767			163,059	
			113,343			165,393	
						155,318	
						12,199	
		13,028	12,199			(910,603)	
830,138	61,628	11,407,911	3,174,890	2,560,917		19,087,918	
\$ 3,725,035	\$ 131,822	\$ 14,557,478	\$ 3,882,014	\$ 2,560,917	\$ 7,668,586	\$ 36,555,359	



STATE OF ILLINOIS
**Combined Statement of Revenues, Expenditures,
Other Sources and Uses of Financial Resources
and Changes in Fund Balances**
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended June 30, 1987
(Expressed in Thousands)

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Income taxes	\$ 3,581,464	\$ 389,842				\$ 3,971,306
Sales taxes	3,329,673	138,430				3,468,103
Public utility taxes	682,657	232,855				915,512
Motor fuel taxes		689,929				689,929
Other taxes	697,490	102,259			\$ 1,246,417	2,046,166
Federal government	1,655,139	2,092,619	\$ 3,009	\$ 2,124	8,559	3,761,450
Licenses and fees	53,991	648,797	142		17	702,947
Interest and other investment income	84,039	35,532	12,635		16,240	148,446
Other	29,311	250,750		13,791	332,232	626,084
Total revenues	10,113,764	4,581,013	15,786	15,915	1,603,465	16,329,943
Expenditures:						
Current:						
Education	3,179,470	667,671		44,290		3,891,431
Health and social services	3,048,748	357,838			3,223	3,409,809
Social assistance	1,406,067	216,365			877,674	2,500,106
General government	622,687	1,412,927	75	23,128	8,293	2,067,110
Transportation	5,180	1,687,492		170,679		1,863,351
Public protection and justice	672,682	106,927			1,772	781,381
Natural resources and recreation	107,623	104,087		95,289		306,999
Debt service:						
Principal	13,805	9,896	230,535			254,236
Interest	102,856	27,328	291,451			421,635
Capital outlays	77,299	67,193		108,760	8	253,260
Total expenditures	9,236,417	4,657,724	522,061	442,146	890,970	15,749,318
Excess (deficiency) of revenues over expenditures	877,347	(76,711)	(506,275)	(426,231)	712,495	580,625
Other sources (uses) of financial resources:						
Proceeds from general and special obligation bond issues				356,845		356,845
Proceeds from general and special obligation refunding bond issues				93,237		340,738
Operating transfers-in	626,720	1,232,113	521,150	1,656	201	2,381,840
Operating transfers-out	(1,850,345)	(930,860)	(718)	(42,892)	(13,672)	(2,838,487)
Other financing sources	19,935	11,308			1	31,244
Payments to refunded bond escrow agent			(247,501)	(93,237)		(340,738)
Net other sources (uses) of financial resources	(1,203,690)	312,561	520,432	315,609	(13,470)	(68,558)
Excess (deficiency) of revenues over expenditures and net other sources (uses) of financial resources	(326,343)	235,850	14,157	(110,622)	699,025	512,067
Fund balances (deficits), July 1, 1986 ...	(261,121)	1,036,094	141,161	322,260	(247,622)	990,772
Residual equity transfers-in		998				998
Fund balances (deficit), June 30, 1987 ..	\$ (587,464)	\$ 1,272,942	\$ 155,318	\$ 211,638	\$ 451,403	\$ 1,503,837

The accompanying notes to the financial statements are an integral part of this statement.

**Combined Statement of Revenues,
Uses Of Financial Resources And
Budget And Actual (Non-GAAP)**



STATE OF ILLINOIS
**Combined Statement of Revenues, Expenditures, Other
Sources and Uses of Financial Resources and Changes
in Budgetary Fund Balances-Budget and Actual (Non-GAAP)
All Budgeted Fund Groups (See Note 2)**
For the Year Ended June 30, 1987
(Expressed in Thousands)

	General Purpose Funds		
	Final Budget	Actual	Variance Over (Under)
Revenues:			
Income taxes	\$ 3,735,000	\$ 3,957,969	\$ 222,969
Sales taxes	3,377,000	3,254,894	(122,106)
Motor fuel taxes			
Public utility taxes	634,000	574,892	(59,108)
Federal government	1,463,010	1,500,311	37,301
Other	856,000	849,297	(6,703)
Less:			
Refunds	420,925	417,754	(3,171)
Total revenues	9,644,085	9,719,609	75,524
Expenditures:			
Current:			
Education	4,114,607	4,109,963	(4,644)
Health and social services	2,879,561	2,850,970	(28,591)
General government	668,700	652,735	(15,965)
Transportation	20,391	16,495	(3,896)
Social assistance	1,424,572	1,410,785	(13,787)
Public protection and justice	708,440	689,755	(18,685)
Natural resources and recreation	110,905	108,068	(2,837)
Debt service:			
Principal			
Interest	32,965	32,961	(4)
Capital outlays	82,820	82,323	(497)
Total expenditures	10,042,961	9,954,055	(88,906)
Excess (deficiency) of revenues over expenditures	(398,876)	(234,446)	164,430
Other sources (uses) of financial resources:			
Proceeds from general and special obligation bond issues	—	100,000	100,000
Operating transfers-in	2,465,199	2,336,131	(129,068)
Operating transfers-out	(2,336,209)	(2,367,285)	(31,076)
Budgetary funds-nonbudgeted accounts			
Excess (deficiency) of revenues over expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(269,886)	(165,600)	104,286
Budgetary fund balances (deficits), July 1, 1986, as previously reported	(152,693)	(152,693)	—
Reclassifications between budgetary/nonbudgetary funds-net			
Budgetary fund balances (deficits), July 1, 1986, as reclassified	(152,693)	(152,693)	—
Budgetary fund balances (deficits), June 30, 1987	\$ (422,579)	\$ (318,293)	\$ 104,286

The accompanying notes to the financial statements are an integral part of this statement.

Highway Funds			University Funds			Special State Funds		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						\$ 381,618	\$ 450,378	\$ 68,760
						134,222	135,828	1,606
\$ 687,800	\$ 760,816	\$ 73,016				199,233	233,076	33,843
613,900	570,590	(43,310)	\$ —	\$ 89	\$ 89	8,746	8,775	29
582,600	635,029	52,429	219,001	223,712	4,711	1,415,492	1,349,938	(65,554)
26,290	24,768	(1,522)	17	15	(2)	635	378	(257)
1,858,010	1,941,667	83,657	218,984	223,786	4,802	2,138,676	2,177,617	38,941
			202,608	200,714	(1,894)	41,138	40,617	(521)
114,770	113,530	(1,240)				57,679	51,086	(6,593)
1,585,703	1,552,888	(32,815)				1,582,675	1,491,670	(91,005)
1,089	941	(148)	481	437	(44)	117,156	114,163	(2,993)
38,494	38,491	(3)				68,847	61,271	(7,576)
						63,268	54,848	(8,420)
51,289	44,416	(6,873)	18,802	17,637	(1,165)	16,928	16,470	(458)
1,791,345	1,750,266	(41,079)	221,891	218,788	(3,103)	1,947,691	1,830,125	(117,566)
66,665	191,401	124,736	(2,907)	4,998	7,905	190,985	347,492	156,507
863,209	825,265	(37,944)				559,599	554,606	(4,993)
(908,509)	(903,362)	5,147				(882,115)	(791,280)	90,835
						30,148	30,148	—
21,365	113,304	91,939	(2,907)	4,998	7,905	(161,679)	80,670	242,349
178,169	178,169	—	(3,752)	(3,752)	—	244,689	244,689	—
178,169	178,169	—	(3,752)	(3,752)	—	244,689	244,689	—
\$ 199,534	\$ 291,473	\$ 91,939	\$ (6,659)	\$ 1,246	\$ 7,905	\$ 83,010	\$ 325,359	\$ 242,349

Bond Financed Funds			Debt Service Funds			Federal Trust Funds		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ —	\$ 1,464	\$ 1,464	\$ 3,100	\$ 3,009	\$ (91)	\$ 1,360,772	\$ 1,355,627	\$ (5,145)
			9,067	9,701	634	17,731	71,381	53,650
						1,355	4	(1,351)
—	1,464	1,464	12,167	12,710	543	1,377,148	1,427,004	49,856
17,250	17,250	—				527,424	487,804	(39,620)
2,500	—	(2,500)				365,404	302,749	(62,655)
36,746	35,517	(1,229)				552,929	306,457	(246,472)
169,264	169,264	—				57,197	57,197	—
						191,330	163,482	(27,848)
						28,745	12,720	(16,025)
93,458	93,022	(436)				51,090	35,255	(15,835)
			264,914	263,960	(954)			
			274,071	266,107	(7,964)	1,000	—	(1,000)
140,302	137,665	(2,637)				9,315	7,419	(1,896)
459,520	452,718	(6,802)	538,985	530,067	(8,918)	1,784,434	1,373,083	(411,351)
(459,520)	(451,254)	8,266	(526,818)	(517,357)	9,461	(407,286)	53,921	461,207
548,733	450,083	(98,650)	247,501	247,501	—			
2,000	1,656	(344)	491,333	521,095	29,762	122,989	133,747	10,758
(2,000)	(1,656)	344				(99,739)	(100,111)	(372)
93,292	93,292	—	247,501	247,501	—	39,583	39,583	—
(4,079)	(94,463)	(90,384)	(35,485)	3,738	39,223	(423,619)	47,974	471,593
348,847	348,847	—	121,873	121,873	—	(11,510)	(11,510)	—
						952	952	—
348,847	348,847	—	121,873	121,873	—	(10,558)	(10,558)	—
\$ 344,768	\$ 254,384	\$ (90,384)	\$ 86,388	\$ 125,611	\$ 39,223	\$ (434,177)	\$ 37,416	\$ 471,593

Revolving Funds			State Trust Funds			Total (Memorandum Only)		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						\$ 4,116,618	\$ 4,408,347	\$ 291,729
						3,511,222	3,390,722	(120,500)
						687,800	760,816	73,016
						833,233	807,968	(25,265)
\$ 182,000	\$ 166,016	\$ (15,984)	\$ 177,742	\$ 169,585	\$ (8,157)	3,627,270	3,607,986	(19,284)
			164,135	130,045	(34,090)	3,446,026	3,436,583	(9,443)
5	3	(2)				449,227	442,922	(6,305)
181,995	166,013	(15,982)	341,877	299,630	(42,247)	15,772,942	15,969,500	196,558
4,187	3,800	(387)	150,529	149,184	(1,345)	5,057,743	5,009,332	(48,411)
			1,373	509	(864)	3,306,517	3,205,314	(101,203)
167,361	141,657	(25,704)	32,200	28,889	(3,311)	3,155,381	2,770,455	(384,926)
900	752	(148)				1,950,611	1,910,759	(39,852)
			30,952	27,527	(3,425)	1,648,424	1,603,172	(45,252)
17,799	14,078	(3,721)	385	229	(156)	862,710	816,544	(46,166)
			3,805	3,275	(530)	322,526	294,468	(28,058)
						264,914	263,960	(954)
						308,036	299,068	(8,968)
8,628	8,132	(496)	3,363	3,191	(172)	331,447	317,253	(14,194)
198,875	168,419	(30,456)	222,607	212,804	(9,803)	17,208,309	16,490,325	(717,984)
(16,880)	(2,406)	14,474	119,270	86,826	(32,444)	(1,435,367)	(520,825)	914,542
						796,234	797,584	1,350
			(6,000)	(23,218)	(17,218)	4,504,329	4,372,500	(131,829)
			74,266	74,266	—	(4,234,572)	(4,186,912)	47,660
						484,790	484,790	—
(16,880)	(2,406)	14,474	39,004	(10,658)	(49,662)	(854,166)	(22,443)	831,723
(18,748)	(18,748)	—	61,232	61,232	—	768,107	768,107	—
			2,006	2,006	—	2,958	2,958	—
(18,748)	(18,748)	—	63,238	63,238	—	771,065	771,065	—
\$ (35,628)	\$ (21,154)	\$ 14,474	\$ 102,242	\$ 52,580	\$ (49,662)	\$ (83,101)	\$ 748,622	\$ 831,723

**Expenditures, Other Sources And
Changes In Budgetary Fund Balances
All Budgeted Fund Groups**



STATE OF ILLINOIS
**Combined Statement of Revenues, Expenses and Changes
in Retained Earnings/Fund Balances**
**All Proprietary Fund Types
and Pension Trust Funds**
For the Year Ended June 30, 1987
(Expressed in Thousands)

	Proprietary Fund Types	Fiduciary Fund Type	Total
	Enterprise	Internal Service Pension Trust	(Memorandum Only)
Operating revenues:			
Charges for sales and services	1,691,134	162,142	1,691,496
Contributions:			
Employer		209,023	680,113
Employee		429,728	429,728
*Interest and other investment income	2,685	841	1,478,236
Federal government	4,588		4,588
Other	3,613	479	2,090
Total operating revenues	1,702,141	163,783	4,286,261
Operating expenses:			
Costs of sales and services	1,091,688	122,467	281,575
Benefit payments and refunds		1,066,647	935,913
Prizes and claims	637,241		637,241
Interest	221,476	2,046	223,522
General and administrative	57,937	20,419	93,215
Depreciation	47,018	20,857	65,239
Other	1,005	7,300	2,405
Total operating expenses	1,100,875	1,104,796	2,249,100
Operating income	601,266	989	2,037,161
Nonoperating revenues			657
Nonoperating expenses			(29,626)
Income before operating transfers	602,302	976	2,008,192
Operating transfers in	995	340	1,425
Operating transfers out	(643,277)		(643,277)
Net income	600,020	1,406	1,466,340
Add depreciation on fixed assets acquired by capital grants that reduces contributed capital		1,536	1,536
Increase in retained earnings	600,020	2,942	1,467,876
Retained earnings/fund balances, July 1, 1986	744,101	(36,145)	10,431,842
Residual equity transfers out	(119,108)		(119,108)
Retained earnings/fund balances, June 30, 1987	\$ 785,015	\$ 39,087	\$ 11,780,610

The accompanying notes to the financial statements are an integral part of this statement.

STATE OF ILLINOIS
Combined Statement of Changes in Financial Position
All Proprietary Fund Types and
Pension Trust Funds
For the Year Ended June 30, 1987
(Expressed in Thousands)

	Proprietary Fund Types Enterprise	Internal Service	Fiduciary Fund Type Pension Trust	Total (Memorandum Only)
Sources of working capital:				
Operations				
Net income	\$ 60,020	\$ 1,406	\$ 1,404,911	\$ 1,466,340
Items not requiring working capital				
Depreciation	14,038	20,857	344	65,239
Other	129	482	1,594	4,205
Working capital provided by operations	104,187	22,745	1,408,852	1,535,784
Proceeds from sale of revenue bonds and other long-term obligations	835,463	17,233		852,718
Contributed capital	18,110	422		18,532
Other	178,269	4		178,273
Total sources of working capital	1,136,011	40,424	1,408,852	2,785,307
Uses of working capital:				
Acquisition of property, plant and equipment	80,567	27,080	619	108,263
Retirement of revenue bonds and long-term obligations	348,223	16,219		364,432
Other, primarily net increase in mortgage and construction loans receivable	782,796	33		782,829
Total uses of working capital	1,211,586	43,332	619	1,255,534
Net increase (decrease) in working capital	\$ 124,445	\$ (2,908)	\$ 1,408,236	\$ 1,529,773
Elements of net increase (decrease) in working capital:				
Cash and cash equivalents	\$ (34,531)	\$ (5,614)	\$ 151,586	\$ 111,441
Investments, current portion	202,570		1,229,227	1,431,797
Receivables	(5,459)	(36)	16,601	11,096
Due from other funds	2,692	11,354	249	14,295
Inventories	3,169	1,269		4,438
Prepaid expenses	853	27		882
Accounts payable and accrued liabilities	50,524	(10,234)	10,555	50,845
Intergovernmental payables	412			412
Due to other funds	13,147	(216)	18	12,949
Deferred revenue	(6,837)	233		(6,604)
Liabilities payable from restricted assets	(17,617)			(17,617)
Revenue bonds payable, current portion	(15,000)			(15,000)
Other liabilities	(69,460)	319		(69,141)
Net increase (decrease) in working capital	\$ 124,445	\$ (2,908)	\$ 1,408,236	\$ 1,529,773

The accompanying notes to the financial statements are an integral part of this statement.

STATE OF ILLINOIS
Combined Statement of Changes in Fund Balances
University and College Fund Type
For the Year Ended June 30, 1987
(Expressed in Thousands)

	Current Funds			Endowment and Similar Funds
	Unrestricted	Restricted	Loan Funds	
Revenues and other additions:				
Unrestricted current fund revenues	782,219			
Federal and local grants and contracts restricted		233,860	957	
State grants and contracts restricted		71,980		
Other State sources				
Private gifts, grants and contracts restricted		83,491	6,457	21
Investment income		3,910	602	2
Realized gain on investments restricted in				1,608
Interest and fees on loans receivable			1,530	
Expended for plant facilities:				
Current funds				
Plant funds				
Other			10	
Retirement of long-term obligations:				
Other	1,202	47,162	8,190	
Total revenues and other additions	787,426	404,404	5,404	949
Expenditures and other deductions:				
Educational and general expenditures	1,349,631	336,925		
Auxiliary enterprises expenditures	212,112	522		
Hospital expenditures	118,654	76		
Independent operations expenditures	4,492	37		
Foundation expenditures				
Indirect costs recovered		48,100	90	
Refunds of grants and adjustments to grants		(10)	987	
Loan cancellations and write-offs			2,519	
Change in allowance for uncollectible notes			(509)	
Administrative and collection costs		277	709	
Expended for plant facilities including				
noncapitalized expenditures of \$11,801	1,481			
Retirement of long-term obligations				
Disposal of plant facilities				
Other	144	73	7	20
Total expenditures and other deductions	1,689,336	406,340	3,011	51
Transfers additions (deductions):				
Mandatory:				
Retirement of long-term obligations	(11,989)	(6,187)		
Student loan matching grants	(1,806)	67	143	
Renewals and replacements	(9,631)			
Other	(460)	110		
Nonmandatory:				
Transfers in from State treasury funds	948,158	13,857		
Transfers out to State treasury funds		(899)		
Other	(5,712)	(2,904)	(279)	106
Total transfers	940,186	6,248	(166)	106
Net increase (decrease)	(901,910)	(4,936)	1,833	2,004
Fund balances, July 1, 1986	8,150	68,571	60,013	35,828
Fund balances, June 30, 1987	\$ 6,226	\$ 72,782	\$ 61,849	\$ 37,832

The accompanying notes to the financial statements are an integral part of this statement.

Plant Funds

Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Foundations	Total
103				20,286	802,608
781		365			235,961
168					34,148
738			9,194		3,932
41,949			4,345	61,415	192,578
4,950	(4,391)	2,136		7,696	22,970
				8,786	10,454
					1,550
			73,180	425	73,606
			48,171	73	48,244
		5,370	48,007	29	53,416
			82,044	272	82,316
15,680	338	42,390	7,441	4,495	123,876
64,369	1,929	50,229	272,572	103,477	691,659
82					1,706,692
585	545				216,964
					118,670
					4,429
				29,007	29,007
					48,190
					797
					2,519
					(509)
					986
54,051	10,313		4,121	84	69,950
		50,870	26,240	207	77,317
			56,769		56,769
8,754		42,259	108,384	63,020	219,840
60,472	10,858	93,129	195,514	92,318	2,551,621
(3,089)	(1,571)	48,388	34		-
(1,551)	9,794	(81)			-
(1,426)		1,546	30		-
1,193	4,308		32,878		99,394
29,259	816	1,572	(22,858)		(895)
25,782	11,767	44,498	10,084		99,499
29,679	2,830	1,598	87,142	14,159	138,537
27,361	30,968	34,555	2,617,528	153,379	3,036,353
\$ 57,040	\$ 33,800	\$ 36,153	\$ 2,704,670	\$ 164,538	\$ 3,174,890

STATE OF ILLINOIS
Combined Statement of University and College Current Funds
Revenues, Expenditures and Other Changes
For the Year Ended June 30, 1987
(Expressed in Thousands)

	Unrestricted	Restricted	Total
Revenues:			
Tuition and fees	\$ 287,820	\$	\$ 287,820
Federal and local grants and contracts	19,926	193,548	213,474
State grants and contracts	23,768	32,669	56,437
Private gifts, grants and contracts	6,304	71,663	77,967
Investment income	2,880	3,195	6,075
Sales and services	397,058	1	397,059
Other	44,463	47,733	92,196
Total revenues	782,219	348,809	1,131,028
Expenditures and mandatory transfers:			
Educational and general			
Instruction	576,899	51,398	628,297
Research	65,644	163,634	229,278
Public service	63,802	64,105	127,907
Academic support	171,652	7,351	179,003
Student services	74,373	3,648	78,021
Institutional support	185,754	3,296	189,050
Operation and maintenance of plant	166,981	1,213	168,194
Scholarships and fellowships	44,549	62,280	106,829
Total educational and general	1,349,654	356,925	1,706,579
Auxiliary enterprises	215,112	722	215,834
Hospitals	118,654	16	118,670
Independent operations	4,392	37	4,429
Total expenditures	1,687,812	357,700	2,045,512
Mandatory transfers:			
Retirement of long-term obligations	31,989	6,187	38,176
Student loan-matching grants	180	(67)	113
Renewals and replacements	9,631		9,631
Other	460	(310)	150
Total mandatory transfers	42,260	5,810	48,070
Total expenditures and mandatory transfers	1,730,072	363,510	2,093,582
Operating transfers and additions (deductions):			
Transfers-in from State treasury funds	948,158	15,857	964,015
Transfers-out to State treasury funds		(895)	(895)
Other transfers	(5,684)	(2,904)	(8,588)
Excess of restricted receipts over transfers to revenue		7,218	7,218
Other additions (deductions)	3,455	(363)	3,092
Total operating transfers and additions	945,929	18,913	964,842
Total increase (decrease) in fund balances	\$ (1,924)	\$ 4,212	\$ 2,288

The accompanying notes to the financial statements are an integral part of this statement.

Notes To The Financial Statements

STATE OF ILLINOIS
June 30, 1987

I. Significant Accounting Principles and Policies:

A. Basis of Presentation—The accompanying financial statements of the State of Illinois have been prepared in conformity with generally accepted accounting principles as prescribed in pronouncements of the Governmental Accounting Standards Board ("GASB"). The financial statements of the university and college funds have been prepared in conformity with generally accepted accounting principles for universities and colleges.

B. Financial Reporting Entity—For financial reporting purposes, in conformance with National Council on Governmental Accounting ("NCGA") Statement 3, as recognized by GASB Statement 1, the State of Illinois includes all funds, account groups, elected offices, departments and agencies of the State, as well as boards, commissions, authorities, universities and colleges over which the State's executive or legislative branches exercise oversight responsibility. Oversight responsibility is defined to include the following considerations: selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, the scope of an organization's public service, and/or special financing relationships.

Based on the application of the NCGA Statement 3 criteria, the following organizations meet the oversight criteria and are included in the accompanying financial statements:

Financing Authorities

Illinois Development Finance
Authority
Illinois Educational Facilities
Authority
Illinois Export Development
Authority
Illinois Farm Development
Authority
Illinois Health Facilities
Authority
Illinois Housing Development
Authority
Illinois Independent Higher Education
Loan Authority

Universities and Colleges

State-owned universities and
colleges and their related
foundations and associations

Retirement Systems

The General Assembly Retirement System
The Judges' Retirement System of
Illinois
State Employees' Retirement
System of Illinois
Teachers' Retirement System of
the State of Illinois
State Universities Retirement
System

Others

Illinois State Toll Highway Authority
Medical Center Commission
Illinois State Scholarship Commission

The accompanying financial statements include all component units of the State except for the Attorney Registration and Disciplinary Commission and the Board of Law Examiners which decline to provide the necessary financial information. Neither organization is material to the State's financial statements.

The following organizations have been determined not to be part of the reporting entity after applying the manifestations of oversight, scope of public service, or special financing relationships criteria of NCGA Statement 3 and are therefore excluded from the accompanying financial statements because the State does not control the assets, operations or management of the respective entities:

Local Governments and Special Purpose Districts

Illinois Port Districts
Regional Planning Commissions
Local Civic Center Authorities
Regional Transportation Authority
Metropolitan Fair and Exposition
Authority

Local government pension funds
including:
Chicago Teachers' Pension
Retirement System
Illinois Municipal Retirement Fund
Locally controlled community
colleges

C. Fund Accounting—The financial activities of the State are organized on a basis of individual funds and account groups, each of which is a separate accounting entity segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

The financial activities of the State accounted for in the accompanying financial statements have been classified into the following fund categories and account groups:

Governmental Fund Types

General—Transactions related to resources obtained and used for those services traditionally provided by a state government, which are not required to be accounted for in other funds, are accounted for in the General Fund. These services include, among others, social assistance, education (other than institutions of higher education), and health and social services. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. The State's General Fund contains two primary sub-accounts (General Revenue and Common School) with numerous secondary sub-accounts.

Special Revenue—Transactions related to resources obtained from specific revenue sources (other than for expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes are accounted for in special revenue funds. Special revenue funds account for, among others, federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

Debt Service—Transactions related to resources obtained and accumulated to pay interest and principal on general long-term obligations (other than capital leases, compensated absences, and unfunded retirement costs) are generally accounted for in debt service funds.

Capital Projects—Transactions related to resources obtained and used for the acquisition or construction of major capital facilities, including those provided to political subdivisions and other public organizations, which are charged to expenditures (other than those financed by proprietary, fiduciary, and university and college fund types) are accounted for in capital projects funds. Such resources are derived principally from proceeds of general obligation bond issues, federal grants, and operating transfers from the General Fund.

Proprietary Fund Types

Enterprise—Enterprise funds account for operations where the intent of the State is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic measurement of the results of operations is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service—Internal service funds account for the operations of State agencies which render services and provide goods to other State agencies or governmental units on a cost-reimbursement basis.

Notes

Fiduciary Fund Types

Trust —

Expendable —Expendable trust funds account for assets held by the State in a trustee capacity where the principal and income may be expended in the course of the funds' designated operations.

Pension —Pension trust funds account for transactions, assets, liabilities and net assets available for plan benefits of the various State public employee retirement systems.

Agency —Agency funds account for the various taxes, deposits, deductions, and property collected by the State, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

University and College Fund Type

University and college funds account for the operations of State universities and colleges, including their foundations and associations, in accordance with existing authoritative accounting and reporting principles applicable to universities and colleges. Accordingly, the University and College Fund Type is an aggregation of the following funds:

Current —Current funds account for economic resources of the institution which are expendable for any purpose in performing the primary objectives of the institution and which have not been designated by the governing body for any other purpose. Resources restricted for specific current operating purposes by a donor or other external agency are accounted for as restricted current funds.

Loan —Loan funds account for resources available for loans to students, staff and faculty.

Endowment and Similar —Endowment and similar funds are similar to trust funds in that they must be administered in accordance with the terms of the applicable agreement.

Plant —Plant funds consist of resources available to acquire or repair institutional properties, to service debt incurred to acquire such properties and the cost of fixed assets and the sources from which the cost is funded, including associated liabilities. The plant funds resources and activities are accounted for in four subgroups which are unexpended, renewals and replacements, retirement of indebtedness and investment in plant.

Agency —Agency funds consist of funds held by the institution, acting in the capacity of an agent for distribution to designated beneficiaries.

Foundations —Foundations and associations have been established to promote and serve the interests and welfare of their respective universities.

Account Groups

General Fixed Assets —General fixed assets acquired or constructed for use by the State in the conduct of its activities, other than those accounted for in proprietary, fiduciary and university and college fund types are accounted for in the General Fixed Assets Account Group.

General Long-Term Obligations —Unmatured general and special obligation bonds, unfunded retirement costs, and other long-term obligations not recorded in proprietary, fiduciary and university and college fund types are recorded in the General Long-Term Obligations Account Group.

D. Basis of Accounting and Measurement Focus —

Governmental Fund Types and Expendable Trust and Agency Funds —The accounts of the general, special revenue, debt service, capital projects, expendable trust and agency funds are reported using the "financial flow" (spending) measurement focus and modified accrual basis of accounting. Under the "financial flow" measurement focus only current assets and current liabilities are normally included on the balance sheet. Fund balance represents a measure of "available spendable resources." Under the modified accrual basis of accounting, revenues are recognized when measurable and available to finance operations during the year or liquidate liabilities existing at the end of the year; expenditures and liabilities are recognized upon receipt of goods and services. Significant revenue sources which are susceptible to accrual include individual and corporate income taxes, sales taxes, public utility taxes and motor fuel taxes. Modifications to the accrual basis of accounting include:

- Self assessed taxes, principally income, excise and wealth taxes, are recognized as receivables and revenues in the period to which they apply subject to their availability.
- Fines, penalties, licenses and other miscellaneous revenues are recognized when received since they normally are only measurable at that time.
- Interest on long-term obligations reflected in the General Long-Term Obligations Account Group is recognized in the debt service funds when it becomes payable.

Proprietary Fund Types and Pension Trust Funds —The accounts of the enterprise, internal service and pension trust funds are reported using the "capital maintenance" (cost of services) measurement focus and the accrual basis of accounting. Under the "capital maintenance" measurement focus all assets and liabilities are included on the balance sheet. Fund equity consists of contributed capital and retained earnings. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

University and College Fund Type —The accounts of the university and college funds are reported using the "financial flow" (spending) measurement focus and the accrual basis of accounting with the following exceptions:

- Depreciation expense related to plant fund assets generally is not recorded.
- Revenues and expenditures of an academic term encompassing more than one fiscal year are solely reported in the fiscal year in which the program is predominantly conducted.
- All assets and liabilities are included on the balance sheet.

E. Eliminations —Eliminations have been integrated into the report to eliminate those items which would significantly overstate the financial activities of certain funds and intrafund accounts within the related fund type.

F. Total (Memorandum Only) Columns —Total columns represent an aggregation of the fund type and account group financial statements. They are presented for information only and do not represent consolidated financial information.

G. Budgetary Process —The State Constitution requires the Governor to prepare and submit to the General Assembly an Executive budget for the ensuing fiscal year. The budget covers most funds held by the State, but excludes all locally held funds and various treasury held funds which are not subject to appropriation pursuant to State law. The General Assembly enacts the budget through the passage of specific line-item appropriations (i.e., personal services, contractual services, equipment, etc.), the sum of which must not exceed estimated revenues pursuant to the State Constitution. The Governor has the power to approve, reduce or veto each appropriation passed by the General Assembly. Transfers in/out contained in the Executive budget are not a part of the General Assembly's appropriation-process. The actual amounts are determined either by State law or by discretionary action available to the Governor. The Comptroller's

Notes

Uniform Statewide Accounting System (CUSAS) controls expenditures by line-item as established in approved appropriation bills and the level of legal control is reported in a publication titled *A Detailed Report of Expenditures and Revenues*. A separate document is necessary since the State has over 6,500 appropriated line items.

Administrative transfers between certain appropriation line-items within the same treasury held fund cannot exceed 2% of the aggregate amount appropriated to an agency from that fund. Legislative action is required for more substantial transfers.

Unexpended appropriations are available for subsequent expenditure to the extent that encumbrances have been incurred at June 30, provided they are presented for payment during the succeeding 90 day "lapse period." Certain appropriations referred to as "reappropriations" represent the continuation of a prior year's program which requires additional time for completion.

Budget revenues in the accompanying Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances—Budget and Actual (Non-GAAP) represent original estimates, while budgeted expenditures represent original appropriations modified by supplemental and amendatory appropriations aggregating \$384 million. Budgets are essentially on the cash basis, modified for expenditures during the lapse period (beginning and end of year) as described in the preceding paragraph.

CUSAS establishes the following budgetary fund groups to account for the State's budgetary activities:

General Purpose—funds established to account for those services traditionally provided by a state government which are not required to be accounted for in other funds.

Highway—funds established to receive and distribute assessments related to transportation, and to support the construction and maintenance of transportation facilities and activities of the State.

University—funds established to receive revenues such as fees, tuition and excess income from auxiliary enterprises at State-supported institutions of higher education.

Special State—funds designated by statute as special funds in the State Treasury and not elsewhere classified.

Bond Financed—funds established to receive and administer the proceeds of various bond issues of the State.

Debt Service—funds established to finance and account for the payment of principal and interest generally associated with the general and special obligation bond issues of the State.

Federal Trust—funds established pursuant to grants and contracts between State agencies and the federal government.

Revolving—funds established to finance and account for intra-governmental services.

State Trust—funds established by statute or under statutory authority for nonfederal programs which are not deemed to be a traditional governmental activity or elsewhere classified.

H. Cash Equivalents—Cash equivalents consist principally of certificates of deposit, repurchase agreements and U.S. treasury bills, and are stated at cost which approximates market value.

I. Investments—Investments are stated on the basis of cost except for those of the State Employees' Deferred Compensation Fund, which are stated at market value which approximates cost. Investment income is recorded as revenue in the General Fund, except for resources of retirement systems and certain other individual funds which are statutorily authorized to be separately invested and specifically credited with the income realized thereon.

Notes

J. Inventories—Inventories are valued at the lower of cost or market, principally on the first-in, first-out consumption method.

K. Interfund Transactions—The State has the following types of interfund transactions:

Quasi-external transactions—Charges for services rendered by one fund to another that are treated as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

Reimbursements—Reimbursement of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Residual Equity Transfers—Nonroutine or nonrecurring transfers between funds are reported as additions to or deductions from fund equity.

Operating Transfers—Legally authorized transfers other than residual equity transfers are reported as operating transfers.

L. Property, Plant and Equipment —

General Fixed Assets—General fixed assets are recorded at cost or, for donated assets, at fair market value at date of acquisition. Fixed asset records are used by the State primarily to assure accountability. Historical cost records for certain general fixed assets are incomplete or not available. Accordingly, estimated historical costs have been used. Public domain (infrastructure) general fixed assets such as highways, curbs, bridges, and lighting systems are not capitalized. Depreciation is not provided on general fixed assets nor is interest expenditure incurred during the construction period capitalized.

Proprietary and Fiduciary Fund Types—Property, plant and equipment are stated at cost or, for donated assets, at fair market value at date of acquisition. It is the State's policy to capitalize interest expense incurred on significant assets during their construction. Generally, property, plant and equipment, excluding land, are depreciated on the straight-line method over the estimated service lives of the respective assets as follows:

	Years
Land improvements	20-50
Buildings and building improvements	20-50
Equipment	3-10

University and College Fund Type—Property, plant and equipment are recorded at cost or, for donated assets, at fair market value at date of acquisition. Generally, public domain (infrastructure) assets such as streets, sidewalks, lighting systems and curbs are not capitalized. Depreciation generally is not provided on property, plant and equipment.

M. Retirement Costs—Substantially all State employees, including members of the General Assembly and Judicial Branch, participate in one of three State public employee retirement systems (see Note 9). The State also maintains and funds public employee retirement systems for employees of the various State supported universities and colleges, and for public school teachers in cities other than Chicago. It is the State's policy to fund retirement costs without regard to amounts calculated under the provisions of Accounting Principles Board (APB) Opinion No. 8 and, based on actuarial consultations, generally with the exception of the last six years, fund amounts at least as great as the retirement benefits payable during the year.

Effective July 1, 1980 the State prospectively adopted the provisions of APB Opinion No. 8 to determine pension expense. Accordingly, calculated pension expense comprises normal cost plus interest on unfunded prior service cost and amortization of prior service costs over forty years. For the period of change and subsequent years, the excess of pension expense so calculated over amounts funded represent long-term obligations of the State and have been reflected in the General Long-Term Obligations Account Group.

N. Compensated Absences —The amounts of unpaid vacation and sick leave accumulated by State employees are accrued as expenses when incurred in proprietary and university funds, which use the accrual basis of accounting. In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current-year expenditures. The State uses the last-in, first-out method of recognizing the use of compensated absences. Employees are charged for the last day of compensated vacation or sick leave earned when the compensated leave is used. Thus, unless it is anticipated that compensated absences will be used in excess of a normal year's accumulation, no additional expenditures are accrued. Therefore, the entire unpaid liability for the governmental funds is recorded in the General Long-Term Obligations Account Group.

O. Workers' Compensation Liability —The fund liabilities for the General and Road Funds at June 30, 1987 are the amount of workers' compensation claims that would normally be liquidated with expendable available financial resources. The remaining liability under the State's workers' compensation laws is reported in the General Long-Term Obligations Account Group.

P. Encumbrances —The State employs encumbrance accounting for all governmental fund types. All contracts, purchase orders and other commitments for goods or services that have not been received/rendered by June 30 are reported as reservations of fund balances, not as expenditures.

Q. Reservations/Designations of Fund Equity —

Reservations

Governmental and Fiduciary Fund Types —Fund balances of governmental and fiduciary fund types which are legally restricted to a specific future use or that are not available for appropriation or expenditure are reported as reservations of fund balances.

University and College Fund Type —Fund balances of university and college funds which are legally restricted by outside sources to specific future use are reported as reservations of fund balances.

Proprietary Fund Types —Reserved retained earnings of the proprietary funds are legally restricted for the payments of capital maintenance and debt service related to revenue bonds and bond anticipation notes and for other purposes.

Designations

Designations of unreserved fund balances in governmental, fiduciary and university and college fund types indicate the State's plan for use of financial resources in future periods.

R. Risk Management —Insurance in force on State owned assets is limited except for certain university facilities. Further, the State makes no provision for anticipated losses in the event of involuntary conversions. The State has had no problem in meeting any losses sustained from its current resources in the past, even though no insurance coverage is purchased.

S. Grants —Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursement type grants are recorded as revenues when the related expenditures or expenses are recorded. Uses of grant resources are conditioned upon compliance with terms of the grant agreements and applicable federal regulations which include the grants being subject to financial and compliance audits.

Notes

2. Budgetary Basis Vs. GAAP:

The accompanying Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances-Budget and Actual (Non-GAAP), All Budgeted Fund Groups, presents comparisons of the legally adopted budget (more fully described in Note 1G) with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation (amounts expressed in thousands) of resulting basis, perspective, entity and timing differences in the excess (deficiency) of revenues over expenditures/expenses and other sources (uses) of financial resources for the year ended June 30, 1987 is presented below:

Budgetary Fund Groups	General Purpose	Highway	University	Special State
Financial Statement Fund Types	General		University and College	Special Revenue
Excess (deficiency) of revenues over expenditures and other sources (uses) of financial resources (budgetary basis)	\$ (165,600)	\$ 113,304	\$ 4,998	\$ 80,670
Adjustments:				
To adjust revenues, related receivables and deferred revenue	24,656	(6,188)		490,151
To adjust expenditures/expenses and related liabilities	(159,019)	21,176		(495,240)
To adjust for lapse period expenditures which were not recorded as liabilities	(26,380)	665		2,064
Excess (deficiency) of revenues over expenditures/expenses and other sources (uses) of financial resources (GAAP basis)—budgetary classifications	(326,343)	128,957	4,998	77,645
Reclassifications and adjustments:				
To reclassify excess (deficiency) of revenues over expenditures/expenses and other sources (uses) of financial resources into financial statement fund types		(128,957)	103	152,256
To record excess (deficiency) of revenues over expenditures/expenses and other sources (uses) of financial resources for nonbudgeted funds and accounts			133,436	5,949
Excess (deficiency) of revenues over expenditures/expenses and other sources (uses) of financial resources (GAAP basis)	\$ (326,343)	\$ —	\$ 138,537	\$ 235,850

Notes

Bond Financed Capital Projects	Debt Service Debt Service	Federal Trust	Revolving Internal Service	State Trust	Enterprise	Expendable Trust
\$ (94,463)	\$ 3,738	\$ 47,974	\$ (2,406)	\$ (10,658)		
(16,329)	28,774 (18,253)	(16,478) 17,067	(2,922) 6,566	(21,262) 23,868		
170		(9,388)		(6,669)		
(110,622)	14,259	39,175	1,238	(14,721)		
		(39,175)		14,721	\$ 613	\$ 439
	(102)		168		59,407	698,586
\$ (110,622)	\$ 14,157	\$ —	\$ 1,406	\$ —	\$ 60,020	\$ 699,025

3. Deposits and Investments:

The State Treasurer is the custodian of the State's cash, cash equivalents, and investments for most funds maintained in the State Treasury. Funds maintained outside the State Treasury (locally held funds) have independent authority to manage their own cash and investments. As described later, the funds of the State's retirement systems are invested separately.

Since statutes require that investments purchased must mature or be redeemable prior to the date they will be needed to pay expenditures, certain types of deposits and short-term investments are classified as cash equivalents in these financial statements to reflect their "liquidity." Cash and cash equivalents on the balance sheet includes repurchase agreements (aggregating \$1,183,285) which are classified as "investments" in the table below. Statutes authorize public agencies, including the State of Illinois, to engage in a wide variety of investment activities. These include bonds, notes, certificates of indebtedness, treasury bills or other securities guaranteed by the United States; interest-bearing savings accounts, certificates of deposit, or interest-bearing time deposits or any other investments that constitute direct obligations of any bank; short-term obligations of certain qualified United States corporations; short-term discount obligations of the Federal National Mortgage Association; shares or other securities legally issued by certain State or Federal savings and loan associations; insured dividend-bearing share accounts and certain other accounts of chartered credit unions; certain money market mutual funds; Public Treasurer's Pool, Park District Investment Pool, Illinois School District Liquid Asset Fund; and repurchase agreements that meet certain instrument and transaction requirements.

The statutory instrument and transaction requirements related to repurchase agreements specify that securities, unless registered or inscribed in the name of the public agency, must be purchased through banks or trust companies authorized to do business in the State; a custodial bank must be a member of the Federal Reserve System or maintain accounts with member banks; trading partners are limited to banks or trust companies authorized to do business in the State or to registered primary reporting dealers; the security interest must be perfected; the public agency must enter into a written master repurchase agreement which outlines the basic responsibilities and liabilities of the buyer and the seller; agreements must be periods of 30 days or less; the custodial bank is liable to the public agency for any monetary loss suffered by the public agency due to the failure of the custodial bank to take and maintain possession of such securities; an authorized public officer after ascertaining which firm will give the most favorable rate of interest, directs the custodial bank to "purchase" specified securities from a designated institution; the public agency enters into a written contract with the custodial bank that outlines the basic responsibilities and liabilities of the buyer, the seller, and the custodial bank; payment for securities must not be made by the custodial bank until the securities are actually received by the custodial bank; the authorized public officer of the public agency informs the custodial bank in writing of the maturity details of the repurchase agreement; the custodial bank must take delivery of and maintain the securities in its custody for the account of the public agency and confirm the transaction in writing to the public agency; and the obligations purchased by a public agency can only be sold or presented for redemption or payment by the fiscal agent bank or trust company holding the obligations upon written instructions of the public agency.

The investments of the State's five retirement systems are governed by the State Pension Code. Authorized investments consist of bonds, equities, real estate, venture capital and other activities that are consistent with the "prudent person" rule. The "prudent person" rule, as adopted by the Illinois General Assembly in 1982, states that fiduciaries must discharge their duties with the care, skill, prudence and diligence which a prudent person acting in a like capacity and familiar with such matters would use under conditions prevailing at the time.

In addition to statutory requirements, State agencies have adopted their own supplemental investment practices which further regulate such activities.

Notes

Deposits -

On June 30, 1987 the carrying amount of the State's cash deposits (amounts expressed in thousands) was \$2,786,455 and the bank balance was \$2,969,412. Of the bank balance, \$2,817,044 was covered by federal depository insurance or by collateral held by the State or the State's agent in the State's name, \$106,983 was covered by collateral held in the pledging bank's trust department or by its agent in the State's name, and \$45,385 was uninsured and uncollateralized.

By statute, public moneys deposited in financial institutions must either be collateralized; insured by an agency of the federal government; or not exceed 75% of the capital stock and surplus, 75% of the net worth, or 50% of the unimpaired capital and surplus of a financial institution.

Investments -

Investments (amounts expressed in thousands) are categorized below to give an indication of the level of risk assumed by the State at June 30, 1987. Category 1 includes investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the State's name. Category 3, of which 94% are owned by the various pension trust funds, includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by a trust department or agent but not in the State's name.

	1	Category 2	3	Carrying Amount	Market Value
Repurchase agreements	\$ 1,182,290	\$ 995		\$ 1,183,285	\$ 1,183,975
U.S. Treasury and Agency obligations	3,228,224	47,133	\$ 602,870	3,878,227	4,096,613
Commercial paper	302,688	19	328,802	631,509	629,458
Corporate debt securities	1,499,124	1,762	343,993	1,844,879	1,869,539
Corporate equity securities	3,296,718	4,486	918,828	4,220,032	5,632,498
	\$ 9,509,044	\$ 54,395	\$ 2,194,493	11,757,932	13,412,083
Tangible property				311,832	321,764
Investments in mutual funds				1,410,683	1,566,093
				\$13,480,447	\$15,299,940

4. Taxes Receivable:

Taxes receivable (amounts expressed in thousands) at June 30, 1987 consisted of the following:

	General	Special Revenue	Fund Types Expendable Trust	Agency	Total
Income taxes	\$ 164,492	\$ 27,306			\$ 191,798
Sales taxes	184,040	7,532		\$ 90,199	281,771
Motor fuel taxes		61,954			61,954
Public utility taxes	38,862	9			38,871
Unemployment compensation taxes			\$ 317,714		317,714
Other taxes	39,605	6,008		467	46,080
	\$ 426,999	\$ 102,809	\$ 317,714	\$ 90,666	\$ 938,188

Notes

5. Due From/To Other Funds:

The following balances (amounts expressed in thousands) at June 30, 1987 represent due from/to balances among all funds.

Fund Type/Fund	Due From	Due To
General	\$ 263,790	\$ 243,195
Special Revenue:		
State Construction Account	25,753	20
Local Government Distributive Fund	47,019	
Public Transportation Fund	24,726	
Motor Fuel Tax Fund	22,300	33,859
Road Fund	12,199	14,848
Unemployment Compensation Special		
Administration Fund	4,389	4,523
Downstate Public Transportation Fund	5,641	2,193
Title III Social Security and Employment		
Services Fund	7,579	3,802
Personal Property Tax Replacement Fund		109,547
Special Purposes Trust Fund	427	3,622
State Scholarship Commission Student		
Loan Fund		6,653
Bi-State Public Transportation Fund	2,043	33
Other funds	11,372	10,456
	<u>163,448</u>	<u>189,556</u>
Capital Projects		203
Enterprise:		
State Lottery Fund		2,772
Housing Development Authority-		
Administrative Fund	4,698	44
State Scholarship Commission-Designated		
Account Purchase Program Fund	6,038	43
Housing Development Authority-		
Mortgage Loan Program Fund	41	3,627
Other funds	298	2,929
	<u>11,075</u>	<u>9,415</u>
Internal Service:		
Communications Revolving Fund	18,865	306
Statistical Services Revolving Fund	7,765	195
State Garage Revolving Fund	5,197	88
Health Insurance Reserve Fund	11,782	
Working Capital Revolving Fund	2,205	147
Other funds	1,387	152
	<u>47,201</u>	<u>888</u>
Trust and Agency:		
Expendable Trust -		
Illinois Unemployment Compensation		
Trust Fund	\$ 1,982	\$ 4,389
Grain Indemnity Trust Fund		135
	<u>1,982</u>	<u>4,524</u>
Pension Trust -		
State Employees' Retirement System Fund	4,968	47
State Universities Retirement System Fund	2,202	
Other funds	60	142
	<u>7,230</u>	<u>189</u>
Agency -		
Protest Fund		122,337
Social Security Contributions Fund	5,126	2,342
Group Insurance Premium Fund	99	6,413
Public Assistance Recoveries Trust Fund		11,524
Municipal Retailers' Occupation Tax Fund		2,196
Other funds	163	970
	<u>5,388</u>	<u>145,782</u>
	14,600	150,495
Universities and Colleges:		
Current Unrestricted	90,157	5,061
Current Restricted	12,879	3,352
Foundations	2,947	545
Plant-Investment In Plant	6,543	2,726
Plant-Unexpended	27	4,460
Plant-Retirement of Indebtedness	8	2,140
Other funds	735	1,374
	<u>113,296</u>	<u>19,658</u>
Totals	\$ 613,410	\$ 613,410

6. Loans and Notes Receivable:

Loans and notes receivable (amounts expressed in thousands) at June 30, 1987 consisted of the following:

	Fund Types				Total
	General	Special Revenue	Enterprise	University and College	
Mortgage loan program		\$ 149	\$ 1,334,756		\$ 1,334,905
Student loan program	\$ 1,553	107	156,078	\$ 67,786	225,524
Small business loan program		41,456			41,456
Port districts construction	17,029				17,029
School Building Commission construction	5,558				5,558
Other	2,343	13,557	4,232	143	20,275
	26,483	55,269	1,495,066	67,929	1,644,747
Less: Allowance for uncollectible accounts		4,449	20,436	13,708	38,593
Loans and notes receivable, net	\$ 26,483	\$ 50,820	\$ 1,474,630	\$ 54,221	\$ 1,606,154

Notes

7. Property, Plant and Equipment:

Property, plant and equipment (amounts expressed in thousands) at June 30, 1987 consisted of the following:

General Fixed Assets Account Group	Fund Types					Universities and Colleges	Total
	Enterprise	Internal Service	Trust				
Land and land improvements	\$ 352,306	\$ 1,121,924	\$ 335	\$ 86	\$ 165,305	\$ 1,639,956	
Buildings and building improvements	915,708	1,791	10,847	613	1,744,721	2,673,680	
Equipment	678,250	28,491	102,985	3,566	1,064,799	1,878,091	
Construction in progress ..	614,653	45,475			82,273	742,401	
	2,560,917	1,197,681	114,167	4,265	3,057,098	6,934,128	
Less: Accumulated depreciation		508,031	53,789	2,357		564,177	
\$ 2,560,917	\$ 689,650	\$ 60,378	\$ 1,908	\$ 3,057,098	\$ 6,369,951		

Changes in general fixed assets (amounts expressed in thousands) for the year ended June 30, 1987 are presented below:

	Balance July 1, 1986	Additions	Deletions/Net Transfers	Balance June 30, 1987
Land and land improvements	\$ 350,442	\$ 9,811	\$ 7,947	\$ 352,306
Buildings and building improvements	952,636	15,216	52,144	915,708
Equipment	607,672	103,943	33,365	678,250
Construction in progress	569,316	96,182	50,845	614,653
\$ 2,480,066	\$ 225,152	\$ 144,301	\$ 2,560,917	

Construction in progress (amounts expressed in thousands) as of June 30, 1987 is composed of the following:

Project	Project Authorization	Expended through June 30, 1987	Committed	Available Authorization
General Fixed Assets Account Group-				
State of Illinois Center - Chicago	\$ 182,202	\$ 178,588	\$ 2,638	\$ 976
Department of Revenue Building - Springfield	69,999	67,854	751	1,394
Mt. Sterling Correctional Center	41,000	695	932	39,373
Canton Correctional Center	41,000	148	1,301	39,551
Vienna Correctional Center	40,300	39,630	351	319
Public Library Construction	38,989	5,754	905	32,330
Illinois Beach State Park	35,625	4,822	12,409	18,394
Galesburg Correctional Center	33,433	29,459	372	3,602
Renovate State of Illinois Building on LaSalle - Chicago	32,448	184	69	32,195
Danville Correctional Center	26,572	26,332	240	—
Aurora Math/Science Academy	17,122	7,300	3,947	5,875
Other projects less than \$15 million	449,260	253,887	47,378	147,995
Total	\$ 1,007,950	\$ 614,653	\$ 71,293	\$ 322,004
Universities and Colleges-				
University of Illinois Instruction and Research Facility Engineering	\$ 24,900	\$ 316	\$ 1,354	\$ 23,230
University of Illinois Microelectronic Research Center	23,700	600	469	22,631
University of Illinois Veterinarian Medicine Basic Science Building	23,468	23,467	1	—
University of Illinois Abbott Power Conversion	21,900	18,380	2,447	1,073
University of Illinois Digital Computer Laboratory	18,517	493	607	17,417
University of Illinois Animal and Dairy Science Facility	15,500	23	977	14,500
Other projects less than \$15 million	45,135	38,994	3,693	2,448
Total	\$ 173,120	\$ 82,273	\$ 9,548	\$ 81,299

Notes

8. Notes/General Obligation Certificates Payable:

Notes Payable -

The State agencies listed below generally issue short-term notes, normally secured by specific revenue sources, to provide temporary financing. Outstanding notes payable (amounts expressed in thousands) at June 30, 1987 were as follows:

Fund Type/Agency	Amount Outstanding	Interest Rates	Annual Maturity To
Enterprise-			
State Scholarship Commission	\$ 95,954	See Below	Demand
Illinois Development Finance Authority	2,032	See Below	1993
	97,986		
Universities and Colleges	11,368	3% to 13%	2009
	\$ 109,354		

State Scholarship Commission (Commission) -

The Commission is authorized to issue Student Loan Revenue Notes. The notes and related interest are payable solely from the revenues and other resources of the Commission. On June 30, 1987, the Commission had \$96 million of notes outstanding due 2005 or upon demand. The interest rate is 69.875% of the weekly 91-day U.S. Treasury Bill rate, with a minimum rate of 5% and a maximum interest rate of 11.725%.

Illinois Development Finance Authority (Authority) -

The Authority, through a line of credit with the First National Bank of Springfield, issued notes to be used for loans to companies for economic development and job creation programs. At June 30, 1987, the Authority had \$2 million of notes outstanding. The interest rate is 1% above the prime rate of the First National Bank of Springfield.

Universities and Colleges -

Universities and colleges have issued notes payable aggregating \$11 million at June 30, 1987. The notes are generally secured through revenues (i.e., lease payment agreements) derived from the operations of the projects constructed, although portions of the notes outstanding are unsecured.

General Obligation Certificates Payable -

The State is authorized to borrow up to 15% of the State's appropriation in a fiscal year to meet deficits in anticipated revenues. All monies borrowed to fund such deficits must be repaid within one year of the date of issuance.

In fiscal year 1987, the State experienced a revenue shortfall that necessitated short-term borrowing to maintain adequate cash balances in the General Fund. On February 10, 1987, the State issued \$100 million general obligation certificates with a maturity date of February 1, 1988 and an interest rate of 4.1% to be paid semiannually. The principal and interest will be paid from the General Fund. The certificates are callable on, or after, August 1, 1987, in whole or in part, at the option of the State, upon 30 days notice.

9. Retirement Systems:

The State of Illinois sponsors five defined benefit public employee retirement systems (PERS) which are included in the State's financial statements as pension trust funds.

Plan Descriptions -

- State Employees' Retirement System (SERS) is the administrator of a single-employer PERS established in 1944 and governed by Article 14 of the Illinois Pension Code. SERS provides coverage to most State employees who are not eligible for another State sponsored plan. Employees who retire at or after age 60 with 8 years of credited service (or at age 55 with at least 30 years of credited service with reduced benefits) are entitled to an annual retirement benefit payable monthly for life, in an amount based upon final average compensation and credited service. Employees with 35 years of credited service may retire at any age with full benefits.
- Teachers' Retirement System (TRS) is the administrator of a cost-sharing multiple-employer PERS established in 1939 and governed by Article 16 of the Illinois Pension Code. TRS provides coverage to teachers employed by public school districts in Illinois (excluding Chicago). The State of Illinois is legally mandated to make contributions by appropriations to TRS, even though most covered employees are not State employees. Members may draw a full retirement annuity after completing 5 years of service at age 62; after 10 years of service at age 60; and after 35 years of service at age 55.
- State Universities Retirement System (SURS) is the administrator of a cost-sharing multiple-employer PERS established in 1941 and governed by Article 15 of the Illinois Pension Code. SURS provides coverage to faculty and staff of State universities, community colleges and related agencies. The State of Illinois is legally mandated to make contributions by appropriations to SURS, even though some covered employees are not State employees. Members are eligible for normal retirement at any age after 35 years of covered service, after 8 years of covered service and age 60, or after 5 years of covered service and age 62. Police and fire fighters are eligible for normal retirement at age 55 with 20 years of service, or at age 50 with 25 years of service.
- Judges' Retirement System (JRS) is a single-employer PERS established in 1941 and governed by Article 18 of the Illinois Pension Code. The System covers judges and associate judges of the Illinois courts. After ten years of service credit, participants have vested rights to full retirement benefits beginning at age 60, or reduced retirement benefits beginning at age 55. Participants also have vested rights to benefits at age 62 upon attaining between 6 and 10 years of credit.
- General Assembly Retirement System (GARS) is a single-employer PERS established in 1947 and governed by Article 2 of the Illinois Pension Code. GARS provides coverage to members of the General Assembly and certain elected State Officials. After eight years of service credit, participants have vested rights to retirement benefits beginning at age 55, or after four years of service credit with retirement benefits beginning at age 62.

Participation in the SERS, TRS and SURS plans by respective eligible employees is generally required. Participation in the JRS is mandatory unless an election not to participate is filed within 30 days of the option. Participation in the GARS is optional.

Although specific benefits of the above PERS vary by plan, they include periodic annuity payments with automatic annuity increases after retirement, survivors benefits, and under specified conditions, lump sum death benefits. In some plans, group health insurance and disability benefits are provided. Participants who terminate service may receive, upon application, a refund of their total contribution.

The State has not expressed any intention to discontinue its contributions and close the plans' enrollment. However, it would be able to do so, subject to the constitutionally vested rights of plan participants, by appropriately amending State law.

Notes

Effective for the period ended June 30, 1987, the SURS has adopted an accounting year consistent with the State's June 30 fiscal year end. Prior to fiscal year 1987, the SURS financial information for fiscal years ended August 31 had been included in the statewide reports. The SURS financial information included in this report is comprised of the 10-month period beginning September 1, 1986 and ending June 30, 1987. Subsequent reports will include 12-month fiscal year activity for SURS.

The following table summarizes information by plan (dollar amounts only expressed in thousands) at June 30, 1987:

Employee Groups	SERS	TRS	SURS	IRS	GARS	Total
Retirees and beneficiaries currently receiving benefits	32,121	42,659	15,231	560	329	90,900
Terminated employees entitled to benefits but not yet receiving them	2,129	11,300	5,072	15	86	18,602
Active employees	74,732	98,000	52,765	794	188	226,479
Employer						
Covered payroll	\$ 1,825,196	\$ 2,834,130	\$ 1,370,249	\$ 59,266	\$ 6,644	\$ 6,095,485

Significant Accounting Policies and Plan Asset Matters

Significant accounting policies related to the pension trust funds are summarized in note 1D and 1M. During the fiscal year, there were no securities of the employers or related parties included in the assets of the pension trust funds.

Funding Status and Progress

The amounts shown in the table below as the "pension benefit obligation" are standard disclosure measures of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The standard measure is intended to help users assess the funding status of the systems on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the systems.

The pension benefit obligations were computed as part of the actuarial valuations performed as of June 30, 1987. Significant actuarial assumptions used in the valuations include (a) rates of return on investment of present and future assets from 7.5% per year to 8% per year, (b) projected salary increases of 6% per year to 7% per year, and (c) post-retirement benefit increases of 3% per year.

Although specific total payroll amounts are not available, substantially all of total payroll is covered.

During fiscal year 1987, certain changes in benefit provisions and actuarial assumptions were made which affected the pension benefit obligation of the SERS, TRS and SURS at June 30, 1987 as follows:

- For the SERS, ad hoc benefit increases for annuitants and the granting of credit for unused sick leave to employees who defer retirement increased the pension benefit obligation \$28.0 million. A non-recurring change in the method of reporting certain part-time salaries decreased the pension benefit obligation by \$18.6 million.

Notes

- For the TRS, ad hoc benefit increases for annuitants and survivors increased the pension benefit obligation \$55.0 million. Changes in actuarial assumptions increased the pension benefit obligation \$393.0 million. Revised assumptions include an increase in investment return from 7% to 8%, increase in salary assumptions from 6% to 7% per year, decrease in average retirement age from 60.0 to 59.9 years, a change in the retired mortality setback and adoption of new combined separation rates.
- For the SURS, ad hoc benefit increases for annuitants and survivors and changes to the computation of the final rate of earnings increased the pension benefit obligation \$46.4 million.
- Both JRS and GARS investment return actuarial assumption rates were increased from 6.0% to 7.5%. Likewise, the actuarial assumptions for salaries were increased from 5.0% to 6.0% for both plans. Since the pension benefit obligations for JRS and GARS were not computed for fiscal year 1986, the affect of the actuarial assumption changes on the pension benefit obligation cannot be determined.

The total unfunded pension benefit obligation (amounts expressed in thousands) applicable to each retirement system at June 30, 1987 is disclosed in the table below.

	SERS	TRS	SURS	JRS	GARS	Total
Pension Benefit Obligation For:						
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 1,462,207	\$ 3,904,780	\$ 1,354,070	\$ 156,749	\$ 41,503	\$ 6,919,309
Current employees:						
Accumulated employee contributions including allocated investment earnings	900,957	1,718,228	1,151,391	39,791	4,770	3,815,237
Employer-financed vested	888,252	3,471,955	1,654,847	40,902	8,706	6,064,662
Employer-financed non-vested	52,829	854,998	74,514	69,622	5,656	1,057,619
Total Pension Benefit Obligation	3,304,245	9,949,961	4,234,922	307,064	60,635	17,856,827
Net assets available for benefits, at cost	2,225,701	6,092,195	2,470,491	138,946	29,153	10,956,486
Unfunded Pension Benefit Obligation	\$ 1,078,544	\$ 3,857,766	\$ 1,764,431	\$ 168,118	\$ 31,482	\$ 6,900,341
at market value	\$ 2,430,604	\$ 6,958,366	\$ 2,925,400	\$ 151,945	\$ 31,835	\$ 12,498,150

Contributions Required and Contributions Made

The systems' funding policies have been established by statute. Employee contributions are based on fixed percentages ranging from 4% to 11.5% applied to an employee's annual compensation, supplemented by contributions provided by the State. Funding by the State is determined by the budgetary process and is based, in part, on actuarial consultations, generally without regard to pension cost calculated in accordance with the provisions of APB Opinion No. 8 (see note 1M). SERS and SURS use the entry age normal cost method, TRS uses the attained age normal cost method with unit credit past service, and JRS and GARS use the projected unit credit actuarial cost method for calculating pension cost in accordance with the provisions of APB Opinion No. 8.

There were no current year changes in the method used to calculate or establish contribution requirements.

The following table summarizes contribution information by plan (expressed in thousands) for the year ended June 30, 1987:

	SERS	TRS	SURS	JRS	GARS
Contributions made:					
By employees	\$ 89,340	\$ 237,592	\$ 95,780	\$ 6,248	\$ 768
of current year covered payroll	5%	8%	7%	10%	12%
By employers	109,340	279,791	77,913	9,832	2,214
of covered payroll:					
1987	6%	10%	6%	17%	33%
1986	6%	10%	7%	17%	27%
1985	6%	10%	7%	17%	28%

Notes

Net funding deficits are the amount by which retirement costs calculated in accordance with APB Opinion No. 8 exceed contributions made by the State. These amounts, aggregating \$363.5 million for the year ended June 30, 1987, have been reflected in the General Long-Term Obligations Account Group and Changes in Long-Term Obligations (see note 15). The following table presents the 1987 net funding deficits by pension plan.

	SERS	TRS	SURS	IRS	GARS	Total
1987 Retirement Costs (calculated in accordance with APB Opinion No. 8)	\$ 153.31%	\$ 440.13%	\$ 204.78%	\$ 41.00%	\$ 3.29%	\$ 842.54%
Contributions made by employers	109.340	279.791	77.913	9.832	2.214	479.090
1987 net funding deficits included in the accompanying financial statements as other long-term obligations	\$ 43.976	\$ 160.348	\$ 126.872	\$ 31.177	\$ 1.082	\$ 363.455

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Required trend information for the SERS, TRS, and SURS may be found in each of these retirement systems' annual reports. The IRS and GARS which together comprise 2.1% of the pension benefit obligation of the five retirement systems for fiscal year 1987 will comply with the ten-year trend information requirements of GASB Statement 5 in fiscal year 1988 and thereafter.

In accordance with GASB Statement 5, employers contributing to public employee retirement systems must present three-year historical trend information. This information consists of:

- Net assets available for benefits, expressed as percentages of the pension benefit obligation applicable to the entity's employees. Analysis of this percentage over time indicates whether the retirement system is becoming financially stronger or weaker.
- Unfunded pension benefit obligation, expressed as percentages of annual covered payroll. Showing unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes.
- Employer contributions expressed as percentages of annual covered payroll. For the State sponsored plans included in this report, these contributions were not made in accordance with actuarially determined requirements.

The following table presents the required three-year trend information except for employer contributions expressed as percentages of annual covered payroll which is presented in the Contributions Required and Contributions Made section of this note.

	SERS	TRS	SURS	IRS	GARS
Net assets available for benefits (at cost) expressed as a % of the pension benefit obligation (percentage funded)					
1987	67%	61%	58%	45%	48%
1986	64%	60%	58%	*	*
1985	60%	53%	49%	*	*
Unfunded pension benefit obligation expressed as a % of annual covered payroll					
1987	69%	136%	129%	284%	474%
1986	65%	134%	128%	*	*
1985	72%	150%	157%	*	*

* Not available

Notes

10. General Obligation Bonds:

General obligation bonds have been authorized and issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correction and conservation purposes and for maintenance and construction of highway and waterway facilities. Bonds have also been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, local schools, mass transportation and aviation purposes, and to fund research and development of coal as an energy source. Also, bonds have been authorized to refund any general obligation bonds outstanding.

The State Constitution provides that the State may issue general obligation bonds for specific purposes in such amounts as provided either by the General Assembly with a three-fifths vote of each house or by a majority of voters in a general election. The enabling acts pursuant to which the bonds are issued provide that all bonds issued thereunder shall be direct obligations of the State of Illinois and pledge the full faith and credit of the State. General obligation bonds are redeemed over a period not to exceed 30 years, from available resources in the debt service funds. However, the State of Illinois has generally issued 25 year serial bonds with equal amounts of principal maturing each year except for the refunding bonds which mature in varying amounts. Additionally, Illinois offerings, with the exception of anti-pollution bonds, have call provisions providing for early redemption at the option of the State, beginning 10 years following the date of issuance, in whole or in part, in such order as the State shall determine and at a redemption price not to exceed 103% of par value.

General obligation bonds outstanding and bonds authorized but unissued (amounts expressed in thousands) at June 30, 1987, were as follows:

Purpose	Outstanding		Authorized but Unissued
	Interest Rates	Amount	
Capital Development	3.25% to 12.0%	\$ 1,356,440	\$ 454,633
Transportation	3.50% to 12.0%	1,319,480	460,000
Anti-Pollution	3.50% to 12.0%	444,320	69,000
School Construction	3.50% to 12.0%	197,400	98,000
Coal Development	4.80% to 12.0%	37,200	68,000
Public Welfare	3.0%	4,000	
University Building	3.0%	2,000	
Refunding	5.90% to 7.125%	445,380	50,095
		\$ 3,806,220	\$ 1,199,728

Changes in general obligation bonds during the year ended June 30, 1987 are summarized in Note 15.

Future general obligation debt service requirements (amounts expressed in thousands) at June 30, 1987 were as follows:

Year Ending June 30	Principal	Interest	Total
1988	\$ 228,850	\$ 260,884	\$ 489,734
1989	223,226	245,007	468,233
1990	223,424	229,378	452,802
1991	223,550	213,840	437,390
1992	223,775	198,430	422,205
Thereafter	2,683,395	1,405,370	4,088,765
	\$ 3,806,220	\$ 2,552,909	\$ 6,359,129

Notes

On March 31, 1987, the State issued \$250 million in General Obligation Bonds with an average interest rate of 6.61% to advance refund \$213 million of certain callable maturities of previously issued general obligation bonds which had interest rates ranging from 8% to 11.75%. The net proceeds of \$247.5 million (after payment of \$2.5 million in underwriting fees) were used to purchase U.S. Treasury obligations, and were deposited in an escrow account to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Obligations Account Group.

The refunding transaction has saved the State aggregate debt service payments of \$28 million and will result in an economic gain or present value savings of \$12.7 million over the life of the refunded bonds.

In addition, the State defeased in prior years callable maturities of general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. At June 30, 1987, the outstanding balance of the defeased bonds was \$162.6 million.

The State entered into agreements on September 29, 1987 to issue \$100 million of general obligation bonds. The bonds mature serially through 2012 at interest rates ranging from 6.5% to 8.25%.

11. Special Obligation Bonds:

Special obligation bonds have been authorized and issued to provide funds for the Build Illinois Program, the State's Metropolitan Civic Center Support Program and to refund any bonds previously issued under these programs.

The Build Illinois Program was implemented to expand the State's efforts in economic development by providing financing in certain areas. These areas include construction, reconstruction, modernization, and extension of the State's infrastructure; development and improvement of educational, scientific, technical and vocational programs and facilities and expansion of health and human services in the State; protection, preservation, restoration, and conservation of the State's environmental and natural resources; and provision of incentives for the location and expansion of businesses in Illinois resulting in increased employment.

The State's Metropolitan Civic Center Support Act (Support Act) was amended on September 3, 1985, to allow the issuance of bonds to refinance the State's Metropolitan Civic Center Support Program and to provide additional capital for new projects to be financed under the Support Act. The refinancing of the State's Metropolitan Civic Center Support Program is discussed further in Note 14.

Special obligation bonds are payable primarily from dedicated portions of the State's sales tax and the horse racing privilege tax and are redeemed over a period of not more than 30 years. Additionally, these bonds have call provisions providing for early redemption at the option of the State, beginning 10 years following the date of issuance, in whole or in part, in such order as the State shall determine and within any maturity by lot at varying premiums which decrease periodically.

Notes

Special obligation bonds outstanding and bonds authorized but unissued (amounts expressed in thousands) at June 30, 1987, were as follows:

Purpose	Outstanding		Authorized but Unissued
	Interest Rates	Amount	
Build Illinois			
Public Infrastructure	4.8% to 9%	\$ 94,929,666	\$ 513,237,215
Business Development	4.8% to 9%	31,819,176	10,013,458
Education	4.8% to 8.9%	10,300,243	140,679,663
Environment	4.8% to 8.9%	3,270,915	64,069,664
Refunding	4.25% to 6.875%	95,215,000	Unlimited
		235,535,000	728,000,000
Civic Center	6.5% to 9.5%	90,265,000	10,510,000
		\$325,800,000	\$ 738,510,000

Changes in special obligation bonds during the year ended June 30, 1987 are summarized in Note 15.

Future special obligation debt service requirements (amounts expressed in thousands) at June 30, 1987 were as follows:

Year Ending June 30	Principal	Interest	Total
1988	\$ 3,535	\$ 25,887	\$ 29,422
1989	3,730	25,690	29,420
1990	3,960	25,465	29,425
1991	4,200	25,210	29,410
1992	4,490	24,929	29,419
Thereafter	305,885	376,644	682,529
	\$325,800	\$503,825	\$829,625

On January 1, 1987, the State issued \$95.5 million in Build Illinois bonds with an average interest rate of 6.73% to advance refund \$78.8 million of certain callable maturities of Series 1985-A, Build Illinois Bonds which had interest rates ranging from 9.0% to 9.375%. The net proceeds of \$93.2 million (after payment of \$1.6 million in underwriter's fees and other issuance costs) were used to purchase U.S. Treasury Obligations, and were deposited in an escrow account to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Obligations Account Group.

The refunding transaction has saved the State aggregate debt service payments of \$14.9 million and will result in an economic gain or present value savings of \$7.0 million over the life of the refunded bonds.

Subsequent to June 30, 1987, the State issued Build Illinois, Series D bonds in the principal amount of \$70 million. The Series D bonds mature annually through 2012 with interest rates ranging from 4.4% to 7.6%. The State also issued Build Illinois, Series E bonds in the principal amount of \$80 million. The Series E bonds mature annually through 2012 with interest rates ranging from 6.2% to 8.2%.

Notes

12. Revenue Bonds:

The State Constitution empowers certain State agencies and authorities to issue bonds that are not supported by the full faith and credit of the State. These bonds pledge income derived from acquired or constructed assets to retire the debt and service related interest. In addition, certain authorities have issued debt which is classified as "no commitment" debt of the State.

Revenue bonds issued by individual agencies are supported by fees, rentals, tolls assessed to users and loan repayments. Issuing agencies include the Illinois Housing Development Authority (Housing Development, Mortgage Finance, Multi-Family Housing, Single Family Mortgage and Insured Mortgage Housing Development Bonds), State Scholarship Commission (Student Loan Revenue Bonds), Illinois State Toll Highway Authority (Construction Revenue Bonds), Illinois Export Development Authority (Export Development Revenue Bonds) and Board of Governors, Board of Regents, Southern Illinois University and the University of Illinois (University Revenue Producing Facilities Construction Bonds).

Bonds outstanding (amounts expressed in thousands) at June 30, 1987, net of unamortized discounts, were as follows:

Agency	Amount Outstanding	Interest Rates	Annual Maturity To
Enterprise			
Illinois Housing Development Authority	\$ 1,726,960	4.375% to 13.75%	2028
State Scholarship Commission	216,936	5.00% to 10.60%	1998
Illinois State Toll Highway Authority	587,295	3.875% to 8.55%	2009
Illinois Export Development Authority	15,000	Variable	1991
	2,546,191		
Universities and Colleges:			
Board of Governors of State Colleges and Universities	48,890	6.00% to 9.625%	2016
Board of Regents	75,145	3.00% to 11.100%	2018
Southern Illinois University & Foundation	31,830	4.50% to 9.500%	2007
University of Illinois	133,276	5.00% to 9.700%	2009
	289,141		
	\$ 2,835,332		

Changes in revenue bonds during the year ended June 30, 1987 are summarized in Note 15.

Revenue bond debt service requirements, principal and interest, (amounts expressed in thousands) as of June 30, 1987 were as follows:

Year Ending June 30	Enterprise		Universities and Colleges		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
1988	\$ 41,695	\$ 221,632	\$ 17,180	\$ 22,597	\$ 58,875	\$ 244,229
1989	45,880	214,002	17,990	24,106	63,870	238,108
1990	49,900	211,543	18,787	23,471	68,687	235,014
1991	64,130	208,776	16,260	23,018	80,390	231,794
1992	84,130	205,077	15,477	22,650	99,607	227,727
Thereafter	2,336,514	3,331,059	203,447	259,320	2,539,961	3,590,379
	\$ 2,622,249	\$ 4,392,089	\$ 289,141	\$ 375,162	\$ 2,911,390	\$ 4,767,251

The Illinois Export Development Authority has issued variable rate bonds for which accurate future interest payments cannot be determined and, therefore, are not included in the above amounts.

Total principal debt service requirements include bond discounts of \$76 million.

Illinois Housing Development Authority (IHDA) —

The IHDA was created in 1967 to increase the production of low and moderate income housing in Illinois by providing mortgage loans. The IHDA is authorized to have bonds and notes outstanding in an aggregate principal amount not to exceed \$2,700 million exclusive of refunding issues. Bonds issued must mature within 50 years from the date of issue, bearing interest rates as determined by the Authority. Subsequent to July 1, 1983, the maximum interest rate cannot exceed 11% or 70% of the prime rate, whichever is greater. All revenue bonds issued to provide mortgage loans are secured by first mortgage liens on the related developments.

In the event that IHDA determines that funds will not be sufficient for the payment of the principal of and interest on its bonds during the next succeeding State fiscal period, the Chairman of IHDA shall certify to the Governor on or before September of the then current State fiscal period the amount required by IHDA to enable it to pay such principal and interest. The Governor shall include the amount so certified in the State budget; however, the General Assembly has no obligation to appropriate funds for IHDA.

At June 30, 1987 bonds outstanding aggregated \$1,801 million, before unamortized discounts of \$74 million. Sinking funds pursuant to bond resolutions at year end aggregated \$15 million. The bonds mature annually through 2028, bearing interest from 4.375% to 13.75%. The bonds provide for early redemption at the option of IHDA, in whole or in part, in inverse order of maturity at varying premiums which decrease periodically.

The Authority has also issued \$69.8 million of Housing Revenue Bonds, Series 1985 which are secured by a joint and several guaranty of the Metropolitan Life Insurance Company, Pittway Corporation and Metro Properties, to provide construction and permanent financing for one development with 600 dwelling units. On May 13, 1987, this guaranty was replaced by a guaranty from Fuji Bank and approved by the bondholders of the Housing Revenue Bonds. These bonds are special, limited obligations of the Authority and can only be repaid from payments received with respect to the mortgage loan. The bonds are not a debt of the Authority or the State of Illinois and neither are liable on the bonds. They are however, included in the Authority's authorized debt limitation.

Subsequent to June 30, 1987, IHDA issued Residential Mortgage Revenue Bonds, 1987 Series C, in the aggregate principal of \$71.6 million, maturing in 1990 through 2017, with interest rates ranging from 5.3% to 8.125%. IHDA also issued Residential Mortgage Revenue Bonds, 1987 Series D and E, in the aggregate principal amount of \$50 million, maturing in 1989 through 2019, with interest rates ranging from 6.5% to 9.25%.

State Scholarship Commission (Commission) —

The Commission issues student loan revenue bonds, the proceeds of which are used to purchase student loans from eligible lenders. The bonds mature annually in varying amounts, bearing interest ranging from 5% to 10.6%. Bonds outstanding exclusive of refunding issues may not exceed \$350 million (\$217 million was outstanding at June 30, 1987 net of \$2 million of unamortized discounts). However, subsequent to July 1, 1987, the authorization was increased to \$525 million. All student loans purchased by the Commission are pledged as collateral for the bonds, and losses are guaranteed as to principal and interest by the Commission's Guarantee Loan Program, which can be subrogated to the United States Department of Education.

The bond resolutions provide for early retirement for bonds maturing on or after March 1, 1985 at 102% of par, with the premium decreasing periodically until March 1, 1996, after which unmatured bonds can only be retired at par value. Pursuant to the bond resolutions, reserves for bond retirement and interest payments aggregated \$42 million at June 30, 1987.

Subsequent to June 30, 1986, the Commission issued \$85.1 million of Student Loan Revenue Bonds Series G, maturing annually from 1989 to 1999 at interest rates ranging from 6.5% to 8.2%.

Illinois State Toll Highway Authority (THA) —

The THA issued revenue bonds to finance construction of the State toll highway system and to refund all currently outstanding bonds of the Authority. The bond resolutions provide for early redemption at the option of the THA, in whole or in part, at a cost not to exceed 102% of par

value, declining periodically through December 31, 1999. All unmatured bonds outstanding at January 1, 2000 are redeemable thereafter at par. In accordance with the provisions of the bond resolutions, debt reserves on deposit with and invested by the Bond Trustee at June 30, 1987 aggregated \$115 million.

Illinois Export Development Authority (Authority) -

The Authority issued \$15 million of revenue bonds, the proceeds of which were used to make short-term loans to participating banking organizations which lend funds to exporters selling Illinois goods or services for delivery to locations outside the United States. The bonds mature in 1991, bearing interest rates as determined weekly by a remarketing agent that would result in the market value of the bonds equaling 100% of their principal amount plus accrued interest, but not to exceed 15% per annum.

The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the remarketing agent. The remarketing agent is authorized to sell the repurchased bonds at a price equal to 100% of the principal amount by adjusting the interest rate.

Under an irrevocable letter of credit issued by The Bank of Tokyo, Chemical Bank, acting as tender agent, paying agent, bond registrar and co-authenticating agent, is entitled to draw (a) the aggregate principal amount of bonds outstanding at maturity or upon redemption, defeasance or acceleration, (b) up to 210 days' accrued interest on the bonds outstanding, and (c) the purchase price of the bonds, unless remarketing proceeds are available. The letter of credit is valid through July 10, 1991 and carries a variable interest rate ranging from the institution's prime rate to prime rate plus 1% based on the number of days outstanding.

If the remarketing agent is unable to resell any bonds that are "put" within 180 days of the "put" date, the Authority is required to repay the amounts drawn on the letter of credit for the redemption of these bonds. Repayments of amounts drawn on the letter of credit will be made by the Authority from unexpended bond proceeds and from repayments of the short-term loans to participating banking organizations.

The Authority is required to pay to The Bank of Tokyo a quarterly commitment fee for the letter of credit of .75% of bond proceeds used to make note loans to banking organizations and .25% of bond proceeds held by the trustee.

Board of Governors, Board of Regents, Southern Illinois University and University of Illinois -

The Board of Governors of State Colleges and Universities, the Board of Regents, Southern Illinois University and the University of Illinois (hereinafter the "Boards"), as empowered by enabling acts, have issued various revenue bonds to support construction of student housing and other revenue producing facilities at State universities. These bonds do not constitute general obligations of either the State of Illinois or the Boards but, together with interest thereon, are payable solely from and are secured by, subject to the prior pledge and lien of existing refunded bonds, (i) the net revenues of the Boards; (ii) debt service grants; (iii) income received from certain special accounts; (iv) retained tuition fees (subject to prior payment of related operating and maintenance expenses); (v) certain debt service reserves; (vi) certain repair and replacement reserves; and (vii) the principal of the special accounts arising on refundings, all as defined in the various bond resolutions. In accordance with provisions of the bond resolutions, debt service funds and reserves on deposit aggregated \$43 million at June 30, 1987. The bonds are callable prior to their maturity in accordance with the provisions of the bond resolutions, including premiums of up to 5%.

Subsequent to June 30, 1987, the University of Illinois issued University of Illinois Revenue Bonds Series 1987 in the principal amount of \$7.7 million. These bonds mature semi-annually from 1990 through 2009 with interest rates ranging from 7.3% to 8.4%.

Defeased Bonds -

Throughout the year, the Illinois State Toll Highway Authority, Southern Illinois University and the University of Illinois issued a total of \$212 million in revenue bonds with interest rates rang-

Notes

ing from 3.875% to 8.125% to advance refund \$166 million of revenue bonds with interest rates ranging from 8.65% to 11.4%. The proceeds plus additional funds of the Authority and Universities were used to purchase U.S. government securities, which were deposited in an irrevocable trust with an escrow agent to satisfy all future debt service requirements of the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

Although the advanced refundings resulted in the recognition of accounting losses of \$36.9 million for the year ended June 30, 1987, the issuance of the advanced refunding bonds at lower interest rates will cause aggregate debt service payments to be decreased by \$22.4 million and will result in an economic gain or present value savings of \$13.3 million over the life of the refunding bonds. The following table displays the various gains and losses (in millions) among issuers of the advanced refunding bonds:

	Accounting (Loss) (APB No. 26)	Arithmetic Gain	Economic Gain
Enterprise Fund Type-			
Illinois State Toll Highway Authority	\$ (20.5)	\$ 15.8	\$ 7.3
University and College Fund Type-			
Southern Illinois University	(5.1)	4.1	5
University of Illinois	(11.3)	5.5	5.5
	\$ (36.9)	\$ 22.4	\$ 13.3

As of June 30, 1987, the outstanding balance of the defeased bonds was \$168.8 million.

In addition, Illinois State University and Southern Illinois University issued refunding bonds during the year that did not require the above disclosures under GASB Statement 7. Illinois State University issued \$13.4 million in Series 1986 revenue bonds with interest rates ranging from 5.5% to 6.8% to repay the outstanding principal of their Series 1985A bonds which had variable interest rates.

Southern Illinois University, in accordance with the escrow agreement of the advance refunding of 1985, issued \$4.8 million of taxable revenue bonds, Series 1987. The proceeds along with U.S. Government securities liquidated from the 1985 escrow, were used to repay, at a discount, the refunded bonds of 1978, Series A through E, held by the United States Department of Housing and Urban Development. U.S. Government securities were purchased with the remaining funds and deposited in the bond escrow account in an amount sufficient to cover, when due, all of the debt service requirements of both the taxable revenue bonds, Series 1987, and the remaining outstanding bonds of the advance refunding of 1985. As a result of this transaction, \$175 thousand was remitted to the University. As of June 30, 1987, the Series 1987 bonds are considered defeased and the outstanding balance of \$4.8 million has been removed as a liability from the balance sheet.

On May 1, 1984, the Illinois Building Authority (IBA) effected net defeasance for all bond series which were gross defeased in prior years, and the bond series issue of February 1972, by depositing cash of \$89 million with an escrow trustee for the purchase of U.S. government obligations. The unpaid principal of the gross defeased bond series and the February 1972 bond series totaled \$111 million. Cash from the maturity of the U.S. government obligations and interest earnings thereon will be used to pay all the principal, interest and administrative expenses as they become due. On October 1, 1982, the Board had effected net defeasance for four bond series. As of June 30, 1984, all bond series of the IBA have been net defeased.

For financial reporting purposes, the net defeased IBA bonds are considered to be extinguished, and the unpaid principal on these bond series, amounting to \$87 million at June 30, 1987, is not included in the financial statements.

In addition to the IBA the State Toll Highway Authority and State universities consisting of Eastern Illinois University, Western Illinois University, Northern Illinois University, Illinois State University, Southern Illinois University, and the University of Illinois had previously defeased outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. At June 30, 1987, the outstanding balance of

the defeased bonds was \$540 million. These bonds have interest rates ranging from .05% to 10.4% with principal maturing until 2013. The refunded bonds are defeased and not included in the financial statements.

No Commitment Debt (not included in financial statements) —

The State of Illinois by action of the General Assembly created various authorities for the express purpose of providing private entities with an available low cost source of capital financing for construction of facilities deemed to be in the public interest. Fees are assessed to recover related processing and application costs incurred. Bonds issued by the authorities represent limited obligations payable solely from payments made by the borrowing entities. The majority of the bonds are secured by the property financed. Upon repayment of a bond, ownership of acquired property transfers to the entity served by the bond issuance. The State has no obligation for this debt. Accordingly, these bonds are not reflected in the accompanying financial statements.

At June 30, 1987 revenue bonds, net of defeased bonds, and notes outstanding (amounts expressed in thousands) by authority were as follows:

Authority	Amount Outstanding	Interest Rates	Annual Maturity To
Illinois Health Facilities Authority	\$ 2,611,533	4.25% to 13.25%	2025
Illinois Development Finance Authority:			
Environmental Facilities	\$ 1,467,575	5.20% to 12.00%	2025
Industrial Development	620,278	4.75% to 11.00%	2026
Insured Industrial Revenue	13,535	Variable	2010
Infrastructure	2,095	8.00% to 9.00%	2006
	2,103,483		
Illinois Educational Facilities Authority	848,766	3.80% to 10.375%	2025
Illinois Independent Higher Education			
Loan Authority	74,495	Variable	2007
Illinois Farm Development Authority	72,509	Variable	2025
Illinois Housing Development Authority	69,800	Variable	2008
	\$ 5,780,586		

13. Advances To Pay Unemployment Compensation Benefits:

From fiscal years 1976 to 1983, unemployment compensation benefit claims paid from the State Unemployment Compensation Trust Fund (Fund) significantly exceeded employer contributions. In order to continue operations of the Fund, the State received advances from the U.S. Treasury. Those advances received prior to April 1, 1982 were without penalty while advances subsequent to April 1, 1982 have been assessed a penalty payable in annual installments through October 1, 1989. At June 30, 1987, remaining unpaid advances aggregated \$584 million. Repayments during the period from July 1 to October 31, 1987 aggregated \$14 million. The remaining \$570 million was repaid November 9, 1987.

Advances from the U.S. Treasury were to be repaid from future State unemployment taxes and an escalating surtax on federal unemployment taxes. Repayments from the federal surtax (aggregating \$314 million for fiscal year 1987) are applied first against non-penalty assessed advances. Penalty payments on advances (see Note 14) subsequent to April 1, 1982 are a liability of the State and may not be paid from the Fund. During fiscal year 1987 the State paid penalties aggregating \$33 million on such advances.

Notes

14. Other Long-Term Obligations:

Compensated Absences —

Employees earn annual leave ranging from 1 to 2 days per month with maximum accumulation ranging from 20 to 50 days. At June 30, 1987, the liability for accrued annual leave was approximately \$136 million for the governmental funds. Until January 1, 1984, sick leave, which generally is earned one day per month with unlimited accumulation, was paid only when an employee was absent due to illness or other acceptable circumstances as outlined by personnel regulations. Effective January 1, 1984, upon death, retirement, resignation or termination from State employment, employees are able to receive payment for one-half of accumulated sick leave earned subsequent to January 1, 1984, or full service credit for such accumulated sick leave under the State Employees Article of the State Pension Code. At June 30, 1987, the liability for sick leave earned subsequent to January 1, 1984 was \$76 million. Thus, the State's liability for compensated absences reported in the General Long-Term Obligations Account Group amounted to \$212 million at June 30, 1987. As explained in Note 1N, this amount does not include compensated absences liabilities for proprietary and university funds.

Workers' Compensation Liability —

The workers' compensation liability has been determined using claims outstanding and a projection of claims to be submitted, based upon prior year's experience of the State. Claims that will be liquidated with expendable available financial resources have been recorded as a liability in the General and Road Funds, in the amounts of \$17.4 and \$7.0 million, respectively. The remaining portion of the liability, \$25.4 million as of June 30, 1987, is included in the General Long-Term Obligations Account Group. Of this liability, \$19.9 and \$5.5 million are expected to be paid from future resources of the General and the Road Funds, respectively.

Lease Commitments —

The State leases land, office facilities, office and computer equipment and other assets. Although lease terms vary, certain leases are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, leases requiring appropriation by the General Assembly are considered noncancelable leases for financial reporting purposes.

At June 30, 1987, capitalized leases included in property, plant and equipment (amounts expressed in thousands) were as follows:

	Proprietary Fund Types	University and College Fund Type	General Fixed Assets
Land and land improvements		\$ 804	
Buildings and building improvements		38,892	\$ 3,485
Equipment	\$ 22,727	66,505	96,047
	22,727	106,201	99,532
Less: Accumulated depreciation	8,931		
	\$ 13,796	\$ 106,201	\$ 99,532

Notes

Future minimum commitments for noncancelable leases (amounts expressed in thousands) as of June 30, 1987 were as follows:

Year Ending June 30	Operating Leases	Capitalized Leases			Total
		Proprietary Fund Types	University and College Fund Type	General Long-Term Obligations	
1988	\$ 69,553	\$ 2,565	\$ 18,811	\$ 29,764	\$ 120,693
1989	55,065	2,329	18,360	21,401	97,155
1990	45,803	2,097	12,876	13,446	74,222
1991	37,639	1,720	10,086	4,245	53,690
1992	20,703	1,551	7,373	806	30,433
Thereafter	68,451	2,825	24,950	2,610	98,836
Total minimum lease payments ..	\$ 297,214	13,087	92,456	72,272	\$ 475,029
Less amounts representing:					
Executory costs				841	
Interest		60	22,297	9,040	
Present value of net minimum lease payments		\$ 13,027	\$ 70,159	\$ 62,391	

Rental payments charged to operations during the year ended June 30, 1987, aggregated \$95,627 (amounts expressed in thousands).

Metropolitan Fair and Exposition Authority (McCormick Place) —

In July 1984, and November 1985, the State amended the "Metropolitan Fair and Exposition Authority Act" to authorize the issuance of \$265 and \$47.5 million, respectively, for a total authorization of \$312.5 million, in additional bonds. Bond proceeds were used for (1) construction costs to complete the McCormick Place expansion, (2) to pay the construction costs of projects authorized by the Illinois General Assembly in the future, and (3) to refund any outstanding bonds of the Authority that were issued prior to July 1, 1984. It was further amended in July and August 1986 to authorize the issuance of refunding bonds either on a parity with or subordinated to the 1984 and 1985 bonds.

The Illinois General Assembly also amended certain tax laws in July 1984 and November 1985, to provide for 1.75% of total State sales tax revenues, 3% of 94% of total hotel room rental receipts, and \$1.7 million per year out of 7% of State racing tax revenues to be deposited into the Build Illinois Fund, which replaced the Tourism Fund, as collected. The legislation provides for credits to separate accounts within the Build Illinois Fund of which the "McCormick Place Account" is one and has first priority credit of the amounts collected.

In August 1986, the Authority issued \$324 million of refunding bonds with an average interest rate 7.1% to advance refund the remaining \$251 million of outstanding August, 1984 Series bonds with an average interest rate of 10.2%. Additionally in December 1986, the Authority issued \$63 million of refunding bonds with an average interest rate of 6.2% to advance refund \$50 million of certain callable maturities of outstanding December, 1985 Series bonds with an average interest rate of 8.8%. Thus, \$10 million of the December, 1985 Series bonds remain outstanding at June 30, 1987. The \$356 million net proceeds of the two refunding issues (after payment of \$5 million in underwriting fees and other issuance costs) plus an additional \$304 thousand and \$99 thousand of 1984 and 1985 Series sinking fund monies, respectively, were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the \$298 million liability for those bonds has been removed from the General Long-Term Obligations Account Group. As of June 30, 1987, the outstanding balances of the August and December, 1986 refunding bonds were \$317 and \$62 million, respectively.

Notes

The Authority advanced refunded the August, 1984 Series bonds and certain callable maturities of the December, 1985 Series bonds to reduce its total debt service payments by \$19 and \$6 million, respectively, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$8 million and \$3 million, respectively.

Metropolitan Exposition Auditorium and Office Building Authorities —

The General Assembly, through adoption of the "Metropolitan Civic Center Support Act" (Support Act), created the Metropolitan Exposition Auditorium and Office Building Fund (Fund) into which 33.5% of all monies received by the State as horse racing taxes are deposited. At June 30, 1987, the balance of the Fund was \$13.8 million. The purpose of the Fund is to secure and retire a proportionate share of locally issued revenue bonds, the proceeds of which were used to construct local civic and exposition centers. The Support Act was amended in September 1985 to provide State financial support by issuing direct, limited obligation revenue bonds for the advanced refunding of any civic center bond issued before July 1, 1985 and for newly certified applicants after July 1, 1985. It was further amended to increase the limitation of the aggregate amount of principal issued and outstanding in State and local bonds subject to State financial support for all Authorities from \$75 million to \$100 million. In addition, further restrictions exist as to the amount to be committed on behalf of any single taxing authority.

On December 15, 1985, the State defeased previous State supported guarantees by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the State supported guarantees. Accordingly, the trust account assets and the liability for the guarantees are not included in the State's financial statements. The bonds used to defease the State supported guarantees are further discussed in Note 11, Special Obligation Bonds.

At June 30, 1987, the unpaid principal on State supported guarantees (amounts expressed in thousands) were as follows:

Authority	Amount Defeased	Interest Rates	Annual Maturity To
Rockford	\$ 11,985	7.00% to 11.00%	2003
Springfield	10,083	6.50% to 6.60%	1996
Peoria	10,000	5.80% to 6.50%	1997
Joliet	7,725	8.75% to 11.25%	2003
Decatur	5,950	4.75% to 9.25%	1997
Aurora	5,150	5.80% to 6.50%	1997
DeKalb	2,875	8.40% to 10.85%	2003
Danville	2,530	5.00% to 5.80%	1997
	\$ 56,298		

Beginning July 1, 1985, the following newly certified local governmental units have received grants ranging from \$.5 to \$2.4 million through June 30, 1987:

Rosemont	Orland Park
Bureau County	Pekin
Ogle County	LaSalle County
Aurora	Herrin
Knox County	Rockford

Springfield Airport Authority (Authority) —

The Authority has constructed offices, aircraft hangers, service buildings and other related facilities at the Springfield airport which are owned and operated by the Authority for the use of State agencies under a lease agreement. The Authority secured the funds required for the construction of such improvements through the issuance of \$2.7 million of revenue bonds bearing interest rates from 5.20% to 6.602%. The Authority in turn entered into an agreement with the

Notes

State of Illinois extending through May 1, 2003, with renewable terms. The State makes rental payments sufficient to pay bond principal, interest and reserve fund payments and to cover costs of operating, maintaining and insuring the facilities. The outstanding principal amount to be paid to the Authority by the State at June 30, 1987 was \$2.4 million.

Deferred Liability on Federal Advances —

In accordance with federal regulations, the State has decided to defer 80% of the penalty due on federal advances to pay unemployment compensation benefits. Amounts deferred must be repaid from other than resources of the Unemployment Compensation Trust Fund in four equal annual installments on the September 30 following the date of deferral. Interest does not accrue on the deferred penalty. At June 30, 1987, the deferred liability (amounts expressed in thousands) aggregated \$57 million, payable on October 1 as follows:

	1987	1988	1989
Amounts	\$32,961	\$19,786	\$4,542

The option to defer the penalty was available under Federal regulations for penalty payments due September 30, 1983, 1984 and 1985. The State anticipates repaying future federal advances before any penalty accrues.

City of Collinsville —

The City of Collinsville (City) secured funds to construct a State office complex to be used by the Department of Transportation, the Department of State Police and the Department of Central Management Services by issuing revenue bonds in the amount of \$15.3 million. Interest rates on the bonds range from 6.5% to 9.5% with principal maturing annually from 1988 through 2005. The City in turn entered into a lease purchase agreement with the State of Illinois to pay bond principal, interest, and deficiency in the Debt Service Reserve Fund and the Renewal and Replacement Fund and costs of operating, maintaining and insuring the facilities. The outstanding principal amount after refunding, as discussed in the following paragraph, to be paid to the City by the State at June 30, 1987 was \$3.9 million.

On February 15, 1987, the City issued \$13.6 million of revenue bonds with an average interest rate of 6.43% to advance refund \$11.4 million of certain callable maturities of 1985 Series bonds with an average interest rate of 9.4%. The net proceeds of \$13 million (after payment of \$360 thousand in underwriting fees, insurance and other issuance costs and \$188 thousand in Series 1985 bonds debt service reserve account) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 1985 Series bonds. As a result, the refunded bonds are considered defeased and the \$11.4 million liability for those bonds has been removed from the General Long-Term Obligations Account Group. As of June 30, 1987, the outstanding balance of the Series 1987 refunding bonds was \$13.6 million.

The City advanced refunded certain callable maturities of 1985 Series bonds to reduce its total debt service payments and the State's annual lease payments by \$2.1 million and to obtain an economic gain (difference between the present values of debt service payments on old and new debt) of \$1.5 million.

Changes in other long-term obligations for the year ended June 30, 1987 are summarized in Note 15.

Notes

5. Changes In Long-Term Obligations:

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 1987 are summarized as follows:

	Notes/ General Obligation Certificates Payable (Note 8)	Accrued Retirement Costs (Note 9)	General Obligation Bonds (Note 10)	Special Obligation Bonds (Note 11)	Revenue Bonds (Note 12)	Other Long-Term Obligations (Note 14)
Balance at July 1, 1986	\$ 407,050	\$ 2,406,982	\$ 3,757,855	\$ 190,025	\$ 2,315,300	\$ 656,815
Compensated absences earned						179,840
Increase in workers' compensation liability						25,385
Debt issues	103,516		489,990	216,430	920,826	400,350
Increase in lease obligations						24,967
Compensated absences taken						(149,216)
Amortization of bond discounts and bond issuance costs					8,483	
Increase in accreted value of capital appreciation bonds					17,118	
Principal retirements, terminations and defeased bonds	(1,212)		(441,625)	(80,665)	(426,395)	(372,012)
Excess of actuarially determined retirement costs computed in accordance with APB Opinion No. 8 over amounts recorded as expenditures in governmental fund types		363,455				
Balance at June 30, 1987	\$ 209,354	\$ 2,770,437	\$ 3,806,220	\$ 325,800	\$ 2,835,332	\$ 766,129

6. Fund Deficits:

The State's General Fund, from which a significant portion of day to day operating expenditures are paid, has a deficit under generally accepted accounting principles aggregating \$587.5 million at June 30, 1987, although the cash basis fund balance at that date was \$154.3 million. This deficit results from recognition of fund liabilities significantly in excess of accrued revenues.

The Drivers Education Fund of the State Board of Education (reported as a special revenue fund) has a deficit at June 30, 1987 aggregating \$11.5 million, resulting from reimbursement to school districts for drivers education program costs incurred in the current year but not paid until the subsequent year.

Notes

17. Segment Information — Enterprise Funds:

Selected financial information by enterprise fund segment (amounts expressed in thousands) is as follows:

	Department of Lottery	Development Finance Authority	Housing Development Authority	State Toll Highway Authority	State Scholarship Commission	Other	Total
	State Lottery (1)	(2)	(3)	(4)	Designated Account Purchase Program (5)	(6)	
Operating revenues	\$ 1,305,173	\$ 3,003	\$ 183,597	\$ 216,751	\$ 278,063	\$ 26,546	\$ 1,762,133
Depreciation	218	52	429	43,091	115	133	44,038
Operating income	542,210	1,597	5,017	78,757	2,044	1,633	631,258
Operating transfers-in			519			476	995
Operating transfers-out	541,691		519			1,067	543,277
Nonoperating revenues			3				3
Nonoperating expenses	60			28,868		31	28,959
Net income	459	1,597	5,020	49,889	2,044	1,011	60,020
Residual equity transfers:							
Contributed capital						18,110	18,110
Retained earnings						(19,108)	(19,108)
Property, plant, and equipment additions	555	60	2,796	76,814	44	298	80,567
Net working capital	12,793	14,503	29,249	303,668	71,317	46,114	477,644
Total assets	36,229	27,716	1,977,037	1,287,717	343,387	52,949	3,725,035
Bonds and other long-term liabilities payable from operating revenues	3	2,032	1,726,960	587,295	312,890	15,000	2,644,180
Total equity	13,367	25,480	81,532	650,843	24,379	34,567	830,138

The following activities generate enterprise fund revenues:

- (1) Illinois State Lottery revenues and operations.
- (2) Create economic growth by making funds available for industrial, commercial, and manufacturing development.
- (3) Operation and maintenance of programs for financing construction of low and moderate income housing developments, including income from investment of funds on hand.
- (4) Toll fees to cover the operation and maintenance of the State toll highway system.
- (5) Service and processing fees for delinquent student loans.
- (6) Service and processing fees charged by the following departments, authorities, and commissions for their operations:

Elected Officials and Departments

Commissions

Authorities

Comptroller
Central Management Services
Corrections
Mental Health and Developmental
Disabilities
Nuclear Safety
Rehabilitative Services
Veterans' Affairs

Commissioner of Banks and
Trust Companies
Medical Center Commission

Illinois Health Facilities Authority
Illinois Educational Facilities
Authority
Illinois Export Development
Authority
Illinois Farm Development
Authority
Illinois Independent Higher
Education Loan Authority

18. Contingencies:

The State, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

The State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. The State Lottery has entered into agreements with insurance companies under which the Lottery purchases annuities under group contracts which provide payments corresponding to the Lottery's obligation to these prize winners. The State would be liable for such future payments if the insurance companies defaulted on their payment. At June 30, 1987 the Lottery had purchased annuity contracts to fund future installment payments aggregating approximately \$500 million. Effective July 30, 1985, the law provides that the State Treasurer may, with consent of the Director of Lottery, contract to invest in securities which provide payment corresponding to the Lottery's obligation to these winners. The securities purchased subsequent to July 30, 1985 are accounted for in the accompanying financial statements in an agency fund at the present value of these future installments.

Also, the State, its units and employees are parties to numerous legal proceedings, many of which normally recur in governmental operations. All legal proceedings are not, in the opinion of the Attorney General, likely to have a material adverse impact on the State's financial position.

In addition, the State and its units are involved in certain other legal proceedings, which, if decided adversely to the State, may require the State to make material future expenditures for expanded services or capital facilities or may impair future revenue sources. It is neither possible to determine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on the future expenditures or revenue sources of the State.

Soybean: The "Miracle Plant"

The soybean, a native of eastern Asia, has been an important part of the Chinese diet for over 4,000 years. Today, in a world of many starving people, the soybean may just be the "miracle plant".

Barely known in this country until the early 1900s, the soybean is now the second most important crop in American agriculture. Illinois, the leading soybean producing state, accounts for over one-sixth of U.S. soybean production. Worldwide, the U.S. remains by far the largest producer of soybeans.

Soybeans and soybean products are generally acknowledged to have the highest quality vegetable protein source and one of the most abundant. Although most soybeans are processed for soybean oil and protein for animal feeds, new and exciting soybean food products are appearing all the time.

The basic soy product is soy flour containing about 50 percent protein. University of Illinois food scientists are developing a broad range of value-added products such as soy milk and soy "ice cream"; green soybeans for use as a commercially viable high-protein green vegetable and snack foods, breakfast foods, soups and soy-enriched additives prepared through extrusion cooking.

In collaboration with the University of Illinois, the International Soybean Program researchers are working with small-scale extrusion cooking equipment to condition soybeans. The extruder, producing heat by friction under pressure, breaks down the oil-bearing tissues, which in a cooking time of 30 seconds, destroys anti-nutritional agents without damaging the protein. Extrusion cooking is ideally suited for combining soybeans and cereal grains into snack foods, soy-rice and soy-potato-corn snacks and bean soup mix.

Soy products will continue to bring variety to our diets. Super market shelves are lined with products containing soy ingredients. With the growing awareness of cholesterol in red meat and dairy products, health-conscious people have turned to polyunsaturated diets. Recent evidence shows that consumption of certain fish with a high content of omega-3 fatty acids is associated with a decreased risk of coronary heart disease. Of the total polyunsaturated fat in soy oil, 7 percent is omega-3 acids.

Soybeans play a major and growing role in the world food system. Production increased five-fold from 1950 to 1985 while corn and wheat only tripled. With demand for soybeans increasing in newly industrialized countries, the need has exceeded world production. To continue their leading role as soybean producers, Illinois agriculturalists will be looking to better genetics, engineering and biotechnological approaches to make products more marketable.



Illinois Department of Agriculture

The Illinois Department of Agriculture through its regulatory divisions provides numerous services and inspections which assure consumers high standards of agricultural products and accurate standards for measuring devices.

Within the Division of Agricultural Industry Regulations, the Bureau of Warehouses licenses and regulates grain dealers and grain warehouses and protects the financial interests of grain producers by securing assets which include the security bonds, grain inventories and any other resources for their benefit.

Fertilizers and seeds are sampled and tested in laboratories to verify purity and germination label guarantees. Products which are in violation of the *Illinois Fertilizer Act* or *Seed Act* are taken off the market and fines are imposed on the responsible companies.

The Bureau of Laboratories, in part, provides chemical analysis of feeds, fertilizers and pesticides. The Seed Section analyses germination of agricultural vegetable and other seeds. Another section, Metrology, is responsible for calibration of weights and measures of Registered Repairmen's equipment. The Department of Agriculture assures that commercial scales are accurate and standardizes the moisture meters used by state inspectors to calibrate field meters used in determining grain moisture.

Since honey bees are responsible for 80 percent of the pollination performed by insects, apiary inspectors carry out inspections for contagious diseases and pests which would be harmful to the approximate 55,000 honey bee colonies of Illinois' 6000 beekeepers.

Meat, poultry and livestock inspection programs are aimed at control and eradication of diseases and insurance of healthy products on the market. Diagnostic laboratories in Centralia, Galesburg and Springfield, through veterinarians, assist livestock and pet owners with problems relating to animal diseases.

Illinois farmers work on 28.7 million acres of land which represent 81 percent of the total land in Illinois. In 1985, farmers had cash receipts totaling \$7.6 billion and produced enough grain to rank Illinois number one in the nation in soybean production and number two for corn production.

To safeguard Illinois' productive farmland, the Department of Agriculture, under the *Farmland Preservation Act*, analyses capital development projects to ensure that their actions leave the least amount of negative impact upon Illinois' agricultural communities while still allowing efficient growth and development patterns. Working closely with the Illinois Environmental Protection Agency, the Illinois Department of Mines and Minerals, the Illinois Department of Transportation, and U.S. Department of Agriculture; the Illinois Department of Agriculture works with local communities to determine what land should remain in agriculture and what land should be converted to non-farm use. "Corridor factors" are applied toward highways and electric, gas and sewer lines to identify their overall disruption to the farmland. All coal mining permit applications are reviewed because of the long-term affects on soil.

The Department of Agriculture, through the assistance of the 98 Soil and Water Conservation Districts, coordinates a State Erosion and Sediment Control Program, provides public presentations on the benefits of soil conservation, assists private and public organizations and agencies in the development of soil erosion and water quality programs and represents the State in all matters arising from the provisions of the *Soil and Water Conservation District Act*.

Illinois farm-to-market products are marketed around the world making Illinois the third largest exporter of total agricultural products in the nation. But closer to home, the Illinois State Fair and county fairs serve as meeting places to display commodities, crafts, livestock and equipment. A tradition dating back to the 1840's, fairs offer once-a-year glimpses into farmlife, which for some city dwellers is a rare experience. For 4-H members and Future Farmers of America, it is a time to show their crafts and, after many months of preparation, show potential blue ribbon livestock.



Equine Research

Illinois' horse industry is large and prosperous with estimates of 280,000 horses, ranking Illinois in the top five states. The involvement of horses in agriculture is clear when the amount of feed is considered, approximately one million tons of hay and 300,000 tons of grain annually. In Illinois, this represents over \$450 million going into the state's economy. The horse racing industry also has a tremendous role in the Illinois economy and State agriculture. In 1987, over 6.6 million people attended horse racing meets at pari-mutuel tracks. The pari-mutuel handle was over \$964 million in 1987 resulting in revenues to the State from the pari-mutuel tax of \$46.7 million. A part of these revenues are used for fair and exposition purposes.

The University of Illinois College of Agriculture has been committed to serving the interest of the horse industry since the early days of the draft horses on farms before they were replaced by tractors. Where purebred Percherons and other work horses were once stabled, the University of Illinois Equine Research Facility is the home to Animal Science faculty who teach management, nutrition, reproductive physiology, exercise physiology, behavior and muscle biology. Researchers cooperate with faculty from other departments in the areas of forage utilization, entomology, kinesiology and parasitology research.

Current research focuses on the nutrition of growing and exercising horses. A specially designed treadmill exercises large animals to 100 percent of maximum heart rate. This system allows for sampling of venous, arterial and mixed venous blood during exercise and for liver and muscle biopsy immediately following exercise. This system evaluates several factors associated with the development of fatigue and other problems during intense exercise. Excessive protein intake has been suggested as a hindrance to optimum athletic performance in horses.

Ongoing studies involve the effect of conditioning on oxygen transport and energy metabolism. An important objective of this research is to critically evaluate whether the conditioning regimens that are currently used successfully by human athletes, such as interval training and glycogen loading, are equally beneficial to horses. Bioavailability studies investigating the digestion and absorption of various nutrients are another important aspect of the research program.

Papers from this research placed first and second in competition at the biannual Equine Nutrition and Physiology Symposium.

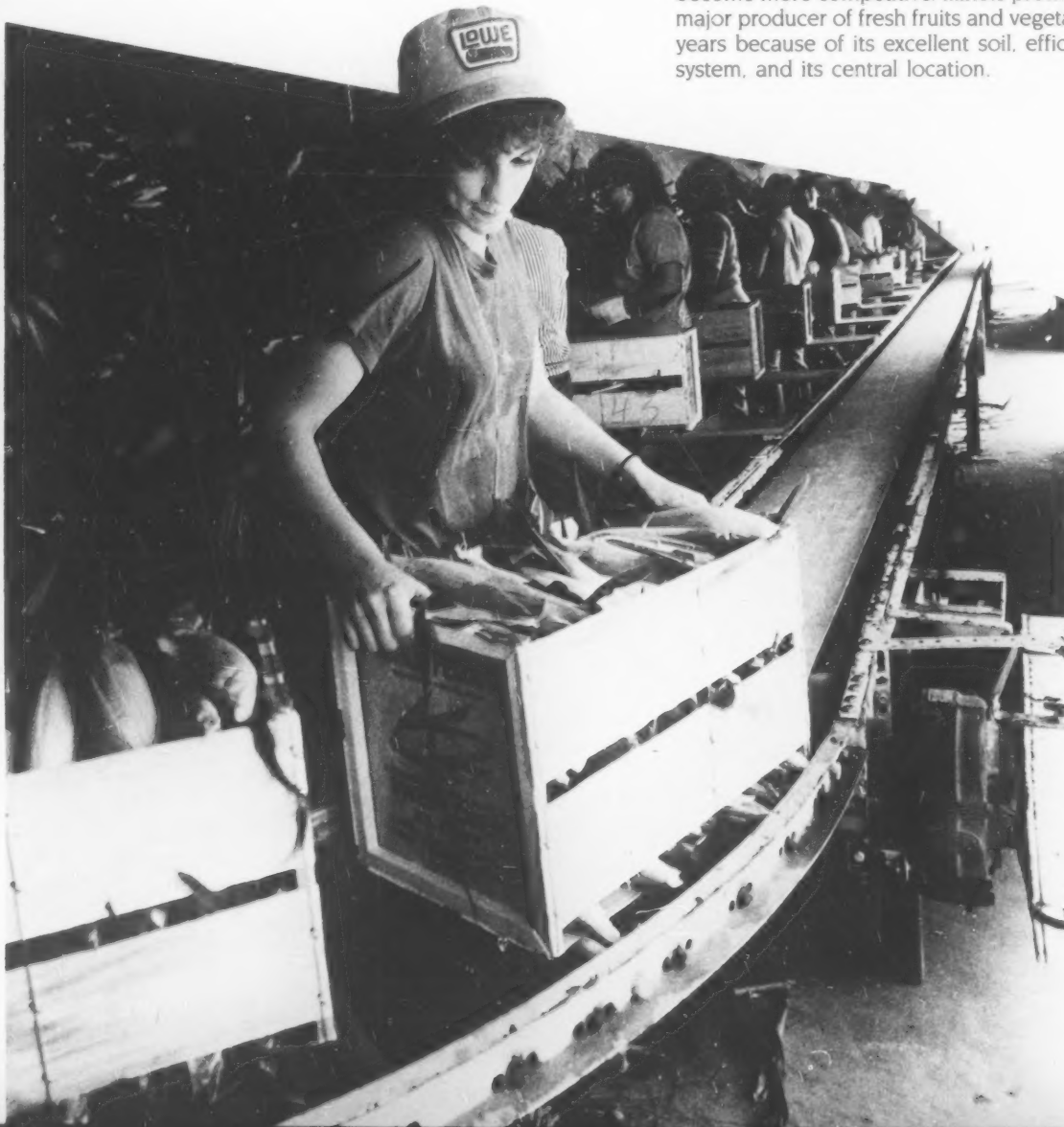


Illinois Fruits and Vegetables

Although Illinois' plains are patch-worked with expanses of corn and soybeans, most of its citizens are unaware that their State is the nation's leading producer of pie pumpkin, horseradish and onion sets. Vegetables for processing and for the fresh market are produced in several areas of the State. To the north are farms raising sweet corn, beans, peas, cabbage, onions, pumpkins and melons. Visitors to the southern part of the State will find early summer vegetables such as tomatoes, cucumbers, peppers, and zucchini. Apple and peach orchards are found primarily in southwestern and western Illinois. As the number of apple orchards increases, research on disease resistance is becoming more important. After many years of plant breeding research at the University of Illinois Experiment Station, the first scab-resistant varieties have been released. This research will reduce the need for pesticides.

As the result of a variety of research on vegetable diseases, the sale of locally grown produce is no longer limited to roadside stands. Large grocery store chains have increased their displays of vegetables. Development of hardier plants has expanded growing areas farther north. A new thornless blackberry is one of the most promising research advances. This new variety also outyields the old varieties by more than tenfold. Tomato growers are also benefiting from the Experiment Station research. Scientists have found that several small applications of nitrogen are better than a single one before planting. The flavor of sweet corn has been improved by new "extra sweet" genes developed at the University of Illinois.

Horticulture food crops allow farmers to diversify and thus lend financial stability to their operations. Illinois farmers are taking advantage of new opportunities for fruit and vegetable production. As fresh food prices increase and shipping from the West and South becomes more expensive, Illinois will become more competitive. Illinois promises to emerge as a major producer of fresh fruits and vegetables in the coming years because of its excellent soil, efficient transportation system, and its central location.



Ethanol: The Alternative

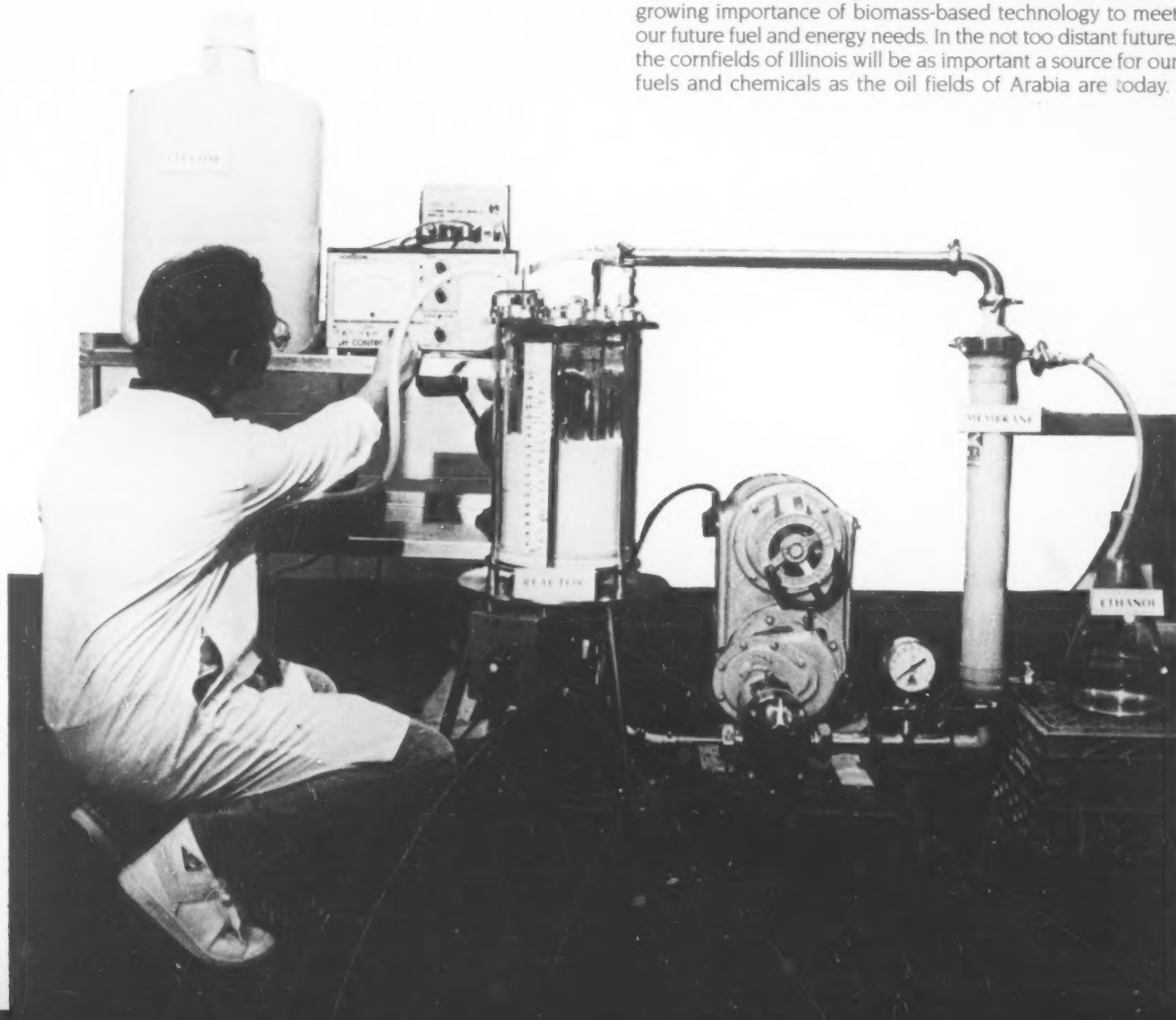
A large potential market for agricultural commodities is one not associated with food or feed use. This is the market for chemicals that are currently manufactured from petroleum sources.

Ethanol production encouraged by federal and state legislation expanded greatly during the energy crisis of the 1970's. Even though some of these programs are being phased out in favor of "cheap" petroleum, it is inevitable that oil prices will rise again because petroleum is a non-renewable source. Ethanol is a commodity, as is corn, which is renewable, storable and cannot be embargoed.

Through agricultural research in genetics for higher grain yields and engineering more efficient membrane bioreactors, American agriculture has an opportunity to tap huge markets for energy. The challenge to utilize the vast quantities of corn is being met by the most dramatic of all membrane technology today — continuous fermentation with membrane bioreactors.

University of Illinois scientists are researching the use of synthetic membranes and other separation technologies designed to draw off the ethanol continuously and separate out the microorganisms and recycle them back through the membrane recycle bioreactor. The bioreactor's activity centers around the incorporation of synthetic, plastic or ceramic, semi-permeable membranes of the appropriate chemical nature and physical configuration into the reaction system. The main reaction vessel is charged with the biocatalyst (which may be microorganisms such as yeast, for production of ethanol, or enzyme, for production of glucose from cornstarch). The feedstock is pumped continuously into the reaction vessel where it is converted to the product. The entire mixture is pumped continuously past the synthetic membrane, which retains the biocatalyst but permits the smaller ethanol and glucose molecules to pass through into the filtrate stream. The biocatalyst is returned to the vessel for further reaction.

Although there is still much work to be done before this technology is applied on a large scale, it is of particular significance to Illinois agriculture and the nation due to the growing importance of biomass-based technology to meet our future fuel and energy needs. In the not too distant future, the cornfields of Illinois will be as important a source for our fuels and chemicals as the oil fields of Arabia are today.



Genetics and the Future of Agriculture

Long before the science of genetics was developed, our ancestors had a practical knowledge of heredity. With the advent of agriculture 10,000 years ago, we began breeding animals and plants to meet our needs. Some of the plants harvested in natural habitats were selected for cultivation, and some of the animals hunted in the wilderness were brought under human protection. Once domestication was initiated, wild animals and plants rapidly adapted to their new habitats.

Prehistoric farmers clearly had some understanding of breeding methods, otherwise they could not have improved upon those early adaptations. Plant breeders today still use selection and isolation of useful genotypes as the basis of their work. Without the domestication of plants and animals we would be unable to feed earth's ever-increasing population.

The 20th century ushered in a new era in plant and animal improvement. Gregor Mendel first paved the way in 1866, when he discovered that certain traits of garden peas were transmitted from one generation to the next in an orderly, predictable fashion. But Mendel's discoveries lay shelved for 34 years. Then in 1900 Correns and de Vries independently confirmed these basic laws of genetics.

Using Mendel's laws, scientists were at last able to predict the phenotypes and behavior of hybrids and their progeny with a fair degree of accuracy. As breeding methods based on genetic principles evolved, animal and plant improvement changed from an art to a science, and domesticated animals and plants were developed to fit particular human needs and agricultural practices. Improvements in meat and dairy cattle and the development of hybrid corn are striking examples of advances made possible by the new science.

Breeders continue to improve domesticated animals and plants, but progress is often slow and expensive.

Researchers have found that the total complement of genetic material can be manipulated directly at the molecular level. Such manipulation of genetic material is popularly referred to as genetic engineering or biotechnology.

So far, the manipulation of single-celled organisms has had spectacular success. For example, new combinations of heritable material have produced human insulin, human growth hormone and other polypeptides.

But before this technology can be used as a breeding tool in agriculture some technical problems must be solved. For example, at the molecular or cellular level in plants, it is difficult to identify genes that code for useful traits such as resistance to pests. Furthermore, carriers for successful gene transfer in plants are only now being developed.

Recent progress in the production of monoclonal antibodies (antibodies that are identical and are derived from a single cell) has helped greatly in unraveling the mystery of the immune system in both humans and animals. Because of their unique characteristic — specifically — these antibodies can

be used to identify and purify the cells that are responsible for turning on and off the immune system. Malfunctioning could result in an autoimmune disease such as rheumatoid arthritis in which the body makes antibodies against its own tissue, causing that tissue to be destroyed.

Monoclonal antibodies can be used to diagnose viral infections as well as to detect pesticides and drug residues in milk and carcasses and illegal drugs in race horses.

Being highly specific to single antigenic determinant, monoclonal antibodies can also be used to dissect and analyze the various antigens of disease agents. These techniques combined with genetic engineering can make the immunization process more effective.

Another fascinating potential use of monoclonal antibodies is in the treatment of cancer. Although chemotherapy has certainly been a powerful weapon, the chemical agents not only kill tumor cells but also affect normal cells. In the future, highly toxic chemotherapeutic agents may be coupled to tumor-specific monoclonal antibodies. Together they would attach themselves to the tumor cell. The toxic effect of the chemical would be directed only against the tumor cell, lessening the undesirable effects of conventional chemotherapy.

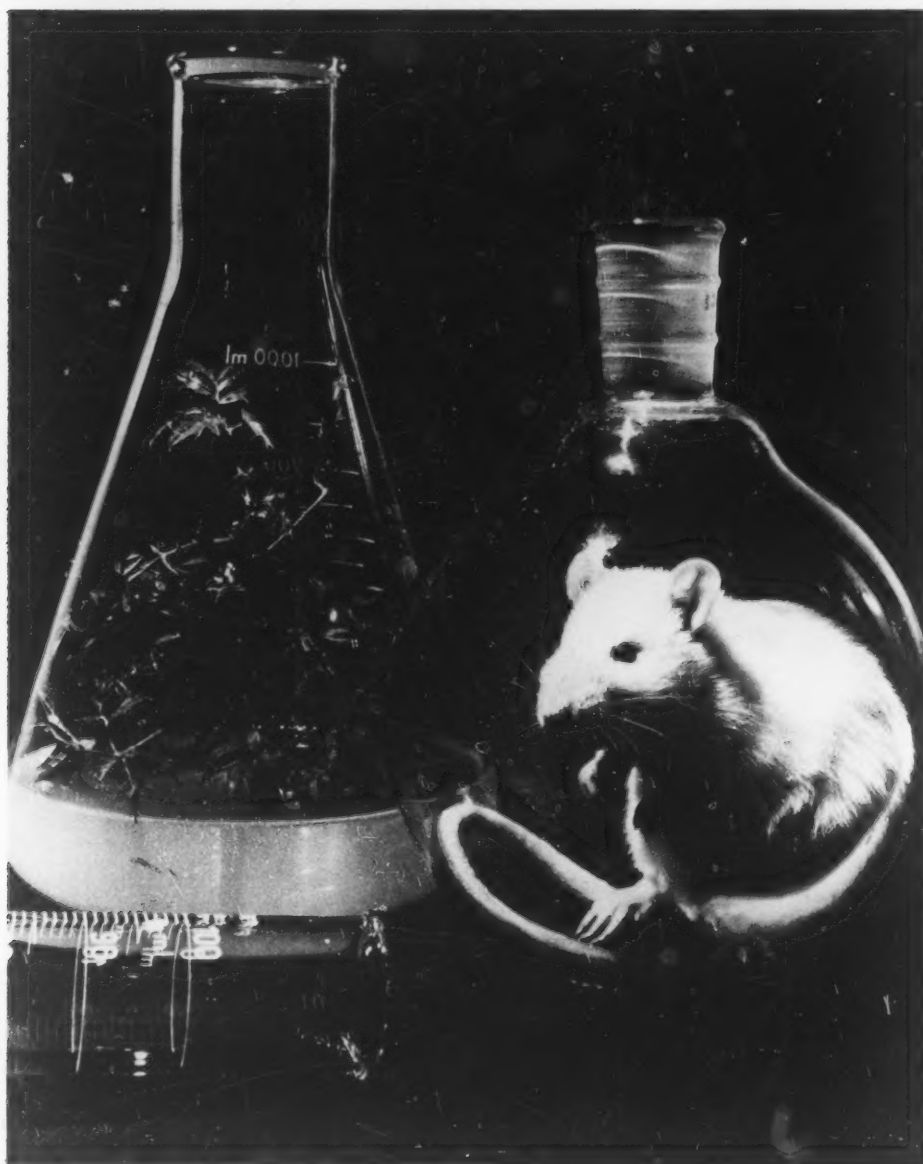
Animal scientists are gradually accepting the fact that the immunological status of an animal is affected by the genes received from its parents, by what it eats, and by its particular physiological state. Within the last three years, for example, animal scientists at the University of Illinois have used monoclonal antibodies to protect newborn calves against a deadly and costly diarrheal disease.

Researchers have begun "vaccinating" animals with hormone-specific antibodies to reduce the levels of certain hormones. For example, an animal can be castrated without surgery by suppressing the hormone needed for the production of sperm.

Inadequate nutrition often accompanies sickness and malaise. University of Illinois researchers are learning that diet has a dramatic affect on an animal's immune response and that supplementing the diet may step up the activity of the immune system.

An animal's ability to develop immune responses depends in part on its genetic background. This finding has opened up the possibility of breeding animals with stronger resistance to infectious diseases.

As in all biological sciences, genetics is a foundation for immunology. Certain genes are necessary to generate and regulate immune responses. In an environment full of disease-causing organisms, the survival of all vertebrate species depends upon the proper functioning of these genes. Immunogeneticists in the University of Illinois College of Agriculture hope to identify, localize and perhaps someday clone them.



Dairy Automation

Advanced data collection and analysis systems for dairy farms can be applied in many ways to enhance livestock production practices. At the Los Alamos Scientific Laboratory in 1974, the first proposal in the United States was put forth for the development of an electronic animal identification system. Soon after, the University of Illinois was designated as the National Field Test Location.

Electronic identification is used most widely for computer-controlled feed dispensers which give concentrates automatically on an individual basis. When dairy cows having widely different daily milk yields are housed in the same lot, it is common for the computer to control not only the amount of concentrates, but also the protein percentage dispensed to each cow. In another system pioneered by the University, a ration-balancing program estimates each cow's consumption of a measure of forage, which is fed free choice. The computer program considers the cow's weight, her daily milk production, the fat content of her milk and the quantity of the forage as indicated by the fiber content. The program also contains built-in minimum recommendations for forage consumption.

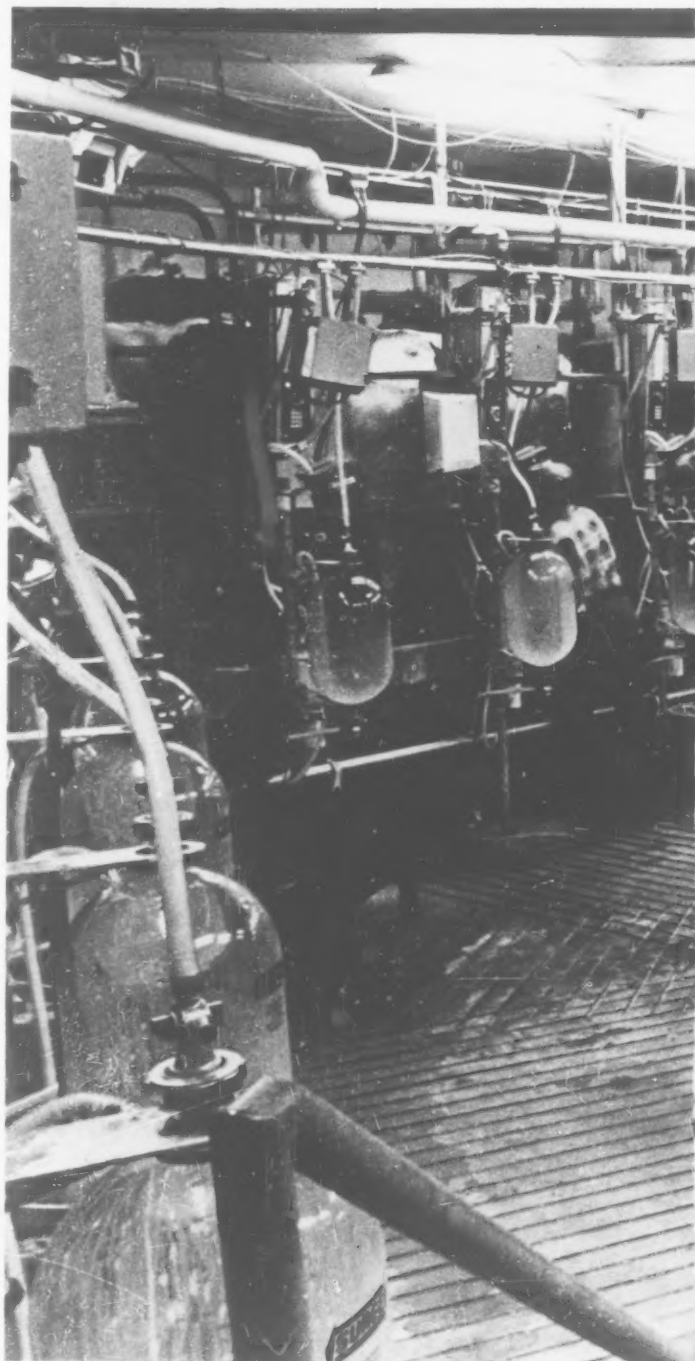
Electronic sensors have also been applied to detect estrus. Since gestation is about 280 days, it is essential that a cow becomes pregnant by the 85th day after the birth of the previous calf. A missed estrus period is costly enough to justify investing in this detection aid. The technology is similar to tags attached to clothing in department stores to detect theft.

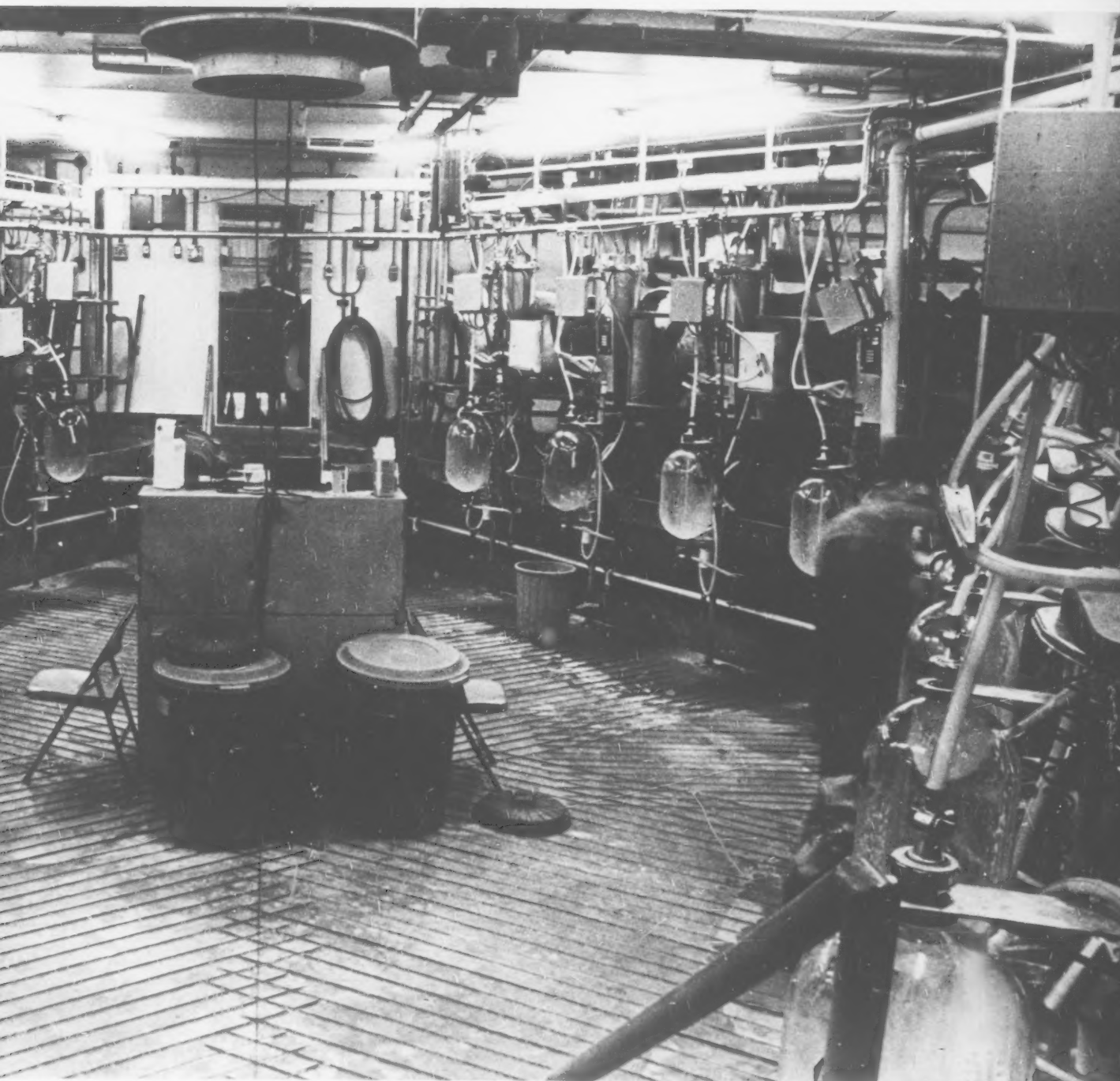
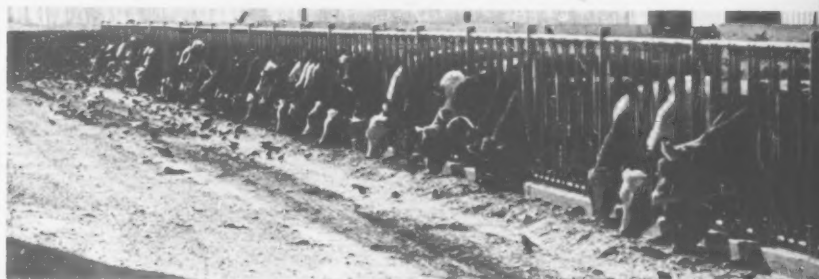
For years scientists have been intrigued with the possibility of developing an automatic system to detect mastitis during the milking process. The University has developed the first such system in the United States complete with automatic recording in real time, data analysis in the milking parlor and specific algorithms to discriminate between infected and uninfected quarters of the udder.

The research and development of automated, electronic feeding devices and electronic systems to collect data by analyzing each animal has the goals of reducing the labor and drudgery in farming as well as improving animal performance.

Cubed Dairy Feed

Cubed feed products consisting of alfalfa, corn gluten feed, ground shelled corn, molasses, minerals and vitamins could increase markets for Illinois corn by-products and alfalfa in other states and around the world. The cubes are easier to ship and have lower shipping costs. New markets for Illinois forage crops would encourage planting alfalfa on erodible land now planted in corn and soybeans. The forage would help conserve the soil and still yield an economic return to the producer. This is particularly valuable to Illinois producers who continue to struggle with the pressures of surplus stocks and the resulting low prices.





Laser Herbicides

Using natural plant chemicals to develop products to kill weeds may become the new wave in weed control. Environmentalists have long sought a highly selective herbicide that is biodegradable in hours, thus not harmful to humans and effective at low concentrations. Also, plants are not likely to acquire resistance against it.

Science Digest has honored Constantine Rebeiz, University of Illinois professor of plant physiology, by proclaiming this to be the decade's most dramatic agricultural development. Dr. Rebeiz's 15 years of research have shown how plants make chlorophyll which triggers photosynthesis, the chemical reaction by which plants convert sunlight, water and carbon dioxide into chemical energy which, in turn, is converted into plant food.

The main ingredient of laser herbicides is an amino acid called delta aminolevulinic acid (ALA), the raw material all plants begin with in making chlorophyll. Plants sprayed with ALA immediately convert it into building blocks of chlorophyll called tetrapyrroles which are very light sensitive. In the evening, the tetrapyrroles accumulate at a higher rate than normal. At daybreak, the extra tetrapyrroles cause photochemical reactions that break down cell membranes and drain the plant's fluids within hours after sunlight bathes the plants. The weeds wither away while the grass or corn plants remain unharmed.

Knowledge gained from the ALA research has led to work on developing a host of insecticides, growth modulators and desiccants based on the same chemistry. Other research could also lead to formulations that would enhance plant yields and by shortening their time to maturity would open the door to more harvests in a single season.

Additional research on the greening process may lead to engineering artificial photosynthetic membranes for producing fossil fuels such as glycerol at rates of about 10,000 to 20,000 percent higher than the most efficient corn plants.

Into the 21st century conventional agriculture may not be adequate to meet the requirements of a population which is expected to double by the end of that time. The concept of cell-free agriculture, which incorporates knowledge of the greening process, is the cornerstone of bioengineering.



Dr. Constantine Rebeiz inspects the results of his research in laser insecticides.

Greening is the process that results in the formation of chlorophyll, the chemical agent responsible for the color of grass and leaves. Chlorophyll is the means by which plants convert the sun's energy for their own use. The greening process is one of the most important biological phenomena in sustaining life. Without chlorophyll, our planet would be dead, devoid of organic life. Greening is one of the five essential biological reactions on Earth; along with photosynthesis, respiration, reproduction and growth make life possible.

(Opposite: Chlorophyll molecular model courtesy Constantine Rebeiz, University of Illinois)

Section II

Traditional Budgetary Financial Report



Illinois Funds System

There were over 350 individual funds in the Illinois accounting system at the end of fiscal year 1987.

These funds are segregated by the Comptroller into two major categories for reporting purposes - Appropriated Funds and Non-Appropriated Funds.

The Appropriated Funds category is further broken down into nine related fund groups — general, highway, university and college income, special state, bond financed, debt service, federal trust, revolving, and state trust funds. Historically, the general funds and special state funds have both included several individual funds which have not had appropriations but were considered to be either supporting spending from another appropriated fund or subject to appropriation. Several individual funds in the special state, federal trust, and state trust funds groups also reflect spending from both appropriation and no appropriation accounts pursuant to Statute.

The Non-Appropriated Funds category is composed of federal trust funds and state trust funds.

In fiscal year 1987, appropriations totaling \$20.558 billion from 243 individual funds were passed by the General Assembly and approved by the Governor. Total warrants issued charged to these appropriations were \$16.948 billion with another \$485 million issued against no appropriation accounts under the Appropriated Funds category.

The General Funds is the State's largest and most important fund group. Appropriations from the General Funds in fiscal year 1987 were \$10.556 billion or 51.3% of total appropriations from all funds and warrants charged to these appropriations were \$10.376 billion or 61.2% of total warrants issued against all appropriations.

This report will look first at transactions in the General Funds, secondly at transactions in Appropriated Funds (including General Funds) as these funds represent the "Illinois State Budget", and finally summarize transactions in all funds (Appropriated and Non-Appropriated) for informational purposes.

Ten Year History

General Funds Available Balances - End of Month

Month	(millions)									
	FY 1978	FY 1979	FY 1980*	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987
July	\$ 124	\$ 256	\$ 552	\$ 446	\$ 260	\$ 105	\$ 101	\$ 358	\$ 611	\$ 336
August	125	247	544	446	184	105	147	369	528	99
September	123	202	535	469	118	98	217	384	461	194
October	103	211	536	399	112	92	123	379	354	78
November	103	204	383	280	120	43	80	334	208	80
December	110	209	383	392	168	29	208	331	308	99
January	95	259	495	283	102	117	297	480	249	145
February	103	324	433	259	77	15	294	496	112	74
March	123	383	384	211	134	72	294	580	265	186
April	74	366	426	134	142	65	307	591	245	197
May	123	434	505	202	195	24	293	680	283	133
June	86	390	390	197	187	110	217	479	288	154

* Adjusted to exclude Corporate Personal Property Replacement taxes which were passed through the General Funds in FY 1980.

General Funds Revenues

Total General Funds Revenues In Fiscal Year 1987 Were \$11.057 Billion

65.2¢ of each General Funds revenue dollar came from the two major tax sources in Illinois.

35.8¢ or \$3.958 billion came from the state income taxes — individual (\$3.303 billion) and corporate (\$655 million).

29.4¢ or \$3.255 billion came from the state sales taxes. Effective with January 1984 sales, the state tax rate was increased from 4.0% to 5.0%, the remaining 2.0% tax on food and drugs was removed, and a portion (3.75% of total receipts - 3.95% effective in fiscal 1987) directed to the new Build Illinois Fund.

Of the remaining 34.8¢ of each General Funds dollar:

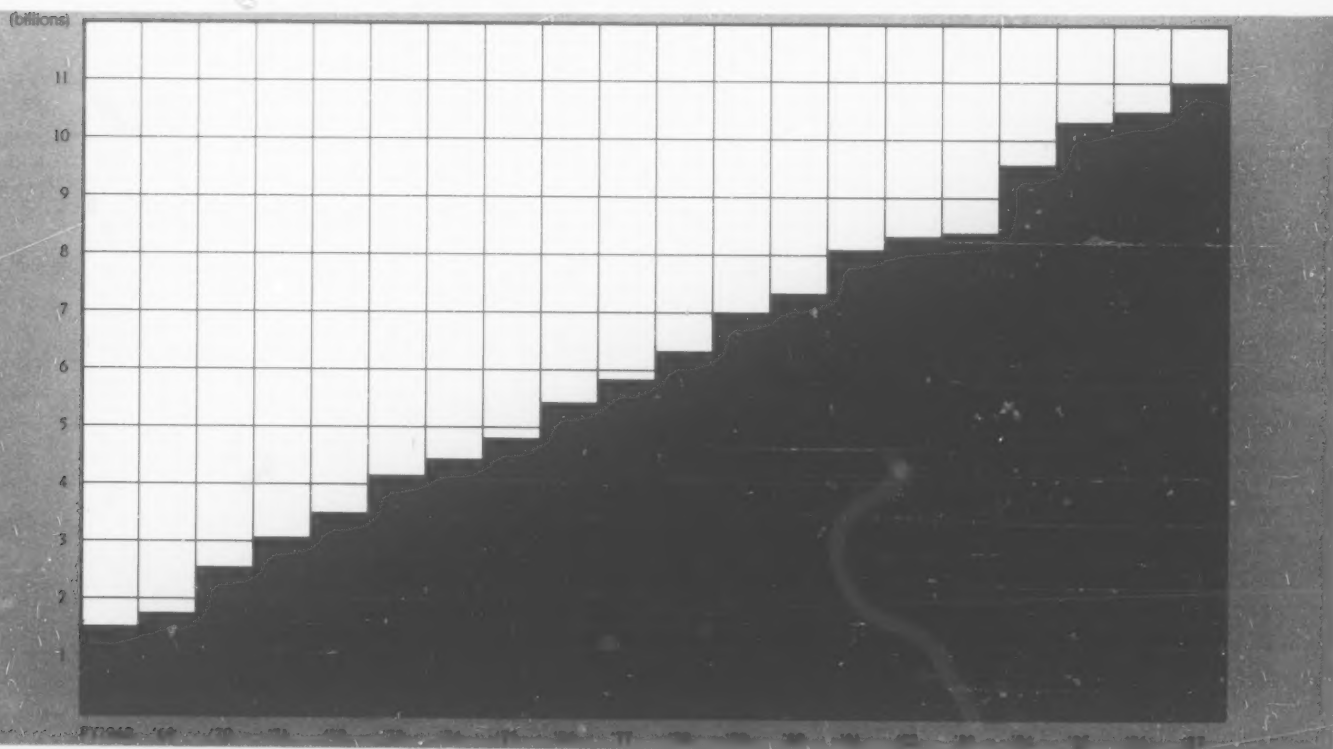
14.4¢ came from federal sources (\$1.595 billion) with the major portion representing reimbursements for public aid spending.

20.4¢ or \$2.249 billion came from other state sources including public utility taxes (\$575 million), transfers in from the Lottery Fund (\$553 million), cigarette taxes (\$247 million), insurance tax and fees (\$137 million), and short-term borrowing (\$100 million).

Total General Funds revenues in fiscal year 1987 were \$474 million or 4.5% higher than comparable total revenues in fiscal year 1986. The average annual increase over the past twenty years is \$485 million including a high of \$1.270 billion in fiscal 1984 and lows of \$165 million in fiscal 1982 and \$172 million in fiscal 1983.

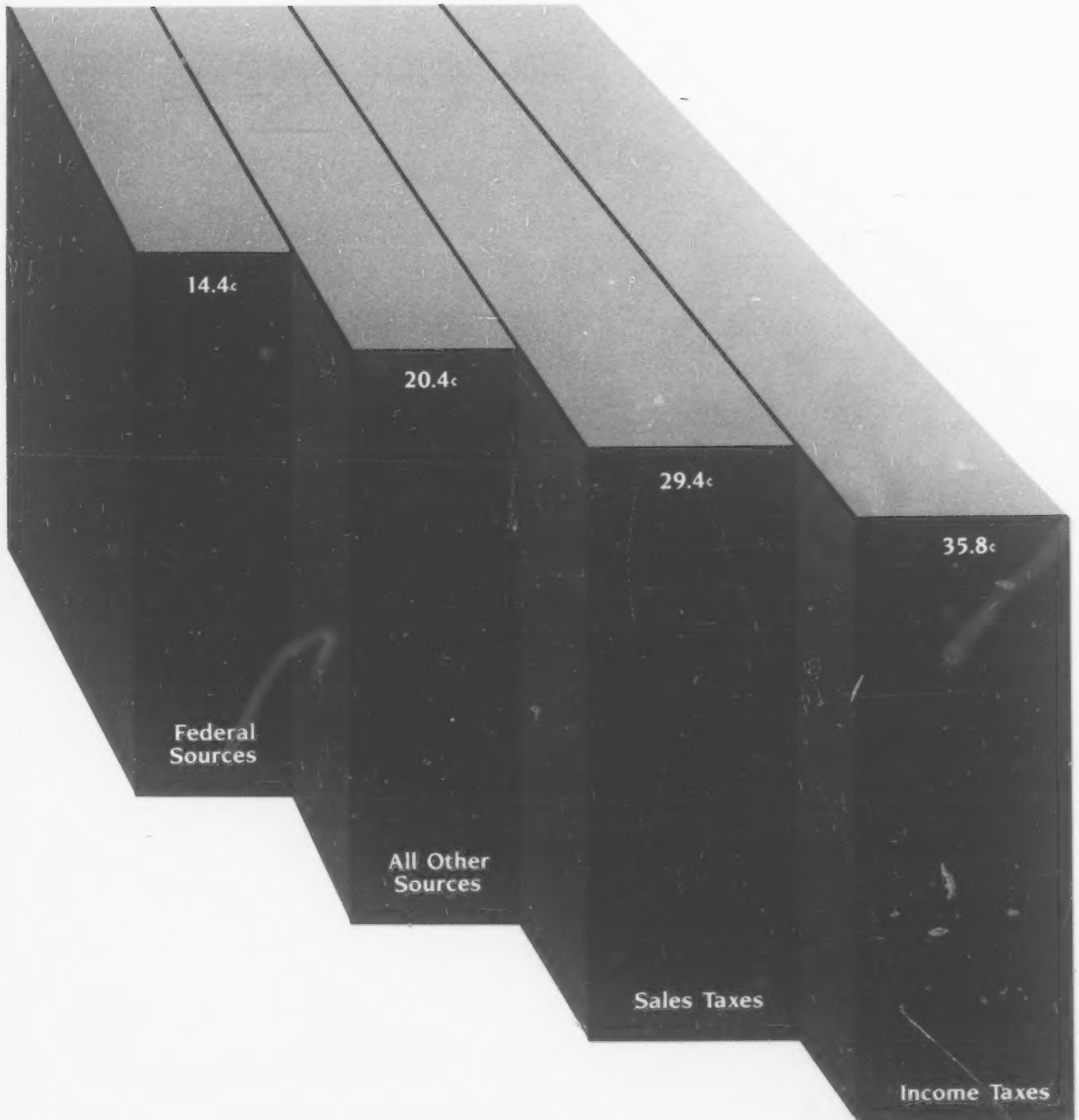
Twenty Year History General Funds Revenues (millions)

Fiscal Year	Total Revenues	Change		Fiscal Year	Total Revenues	Change	
		Amount	Percent			Amount	Percent
1968	\$ 1,586	\$ +220	+16.1%	1978	\$ 6,343	\$ +413	+7.0%
1969	1,839	+253	+15.9	1979	7,055	+712	+11.2
1970	2,691	+852	+46.3	1980	7,442	+387	+5.5
1971	3,090	+399	+14.8	1981	8,100	+658	+8.8
1972	3,645	+555	+18.0	1982	8,265	+165	+2.0
1973	4,172	+527	+14.5	1983	8,437	+172	+2.1
1974	4,501	+329	+7.9	1984	9,707	+1,270	+15.1
1975	4,910	+409	+9.1	1985	10,317	+610	+6.3
1976	5,462	+552	+11.2	1986	10,583	+266	+2.6
1977	5,930	+468	+8.6	1987	11,057	+474	+4.5



General Funds

Where The Fiscal Year 1987 Dollar Came From



Analysis of Revenues

(millions)

						FY 1987	
						Increase or	Decrease
	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987	Amount	Percent
State Sources:							
Cash Receipts:							
Income Taxes (gross)							
Individual	\$ 2,383	\$ 3,178	\$ 2,863	\$ 2,914	\$ 3,303	\$ +389	+13.3%
Corporate	416	549	595	633	655	+22	+3.5
Total, Income Taxes (gross)	2,799	3,727	3,458	3,547	3,958	+411	+11.6
Sales Taxes	2,383	2,639	3,120	3,236	3,255	+19	+0.6
Other Sources							
Public Utility Taxes	635	629	646	636	575	-61	
Cigarette Taxes	169	162	162	190	247	+57	
Insurance Tax & Fees	107	117	116	124	137	+13	
Short-Term Borrowing	150	50			100	+100	
Investment Income	95	119	147	126	93	-33	
Inheritance Tax (gross)	143	109	63	57	83	+26	
Corporation Franchise Tax & Fees	43	64	56	61	74	+13	
Liquor Gallonage Taxes	73	72	70	69	67	-2	
Amnesty Taxes			76	31		-31	
Other Taxes, Licenses, Fees & Earnings	103	121	108	142	148	+6	
Total, Other Sources	1,518	1,443	1,444	1,436	1,524	+88	+6.1
Total, Cash Receipts	\$ 6,700	\$ 7,809	\$ 8,022	\$ 8,219	\$ 8,737	\$ +518	+6.3%
Transfers In From Other State Funds:							
Lottery Fund	\$ 215	\$ 358	\$ 506	\$ 552	\$ 553	\$ +1	
Build Illinois (Tourism) Fund			15	63	61	-2	
Personal Property Tax Replacement Fund	27	82	99	75	38	-37	
Protest Fund	31	30	27	43	21	-22	
Public Assistance Recoveries Fund	22	22	17	26	17	-9	
Local Sales Tax Funds	11	12	13	12	13	+1	
Metropolitan Exposition Auditorium & Office Building Fund	8			5	7	+2	
Warrants Escheat Fund	3	3	4	4	5	+1	
Vehicle Recycling Fund	4			9		-9	
Public Building Fund			25	1		-1	
Discretionary	62*						
Agricultural Premium Fund	7						
All Other Funds	6	3	3	-7	10	+3	
Total, Transfers In	\$ 396	\$ 510	\$ 709	\$ 797	\$ 725	\$ -72	-9.0%
Total, State Sources	\$ 7,096	\$ 8,319	\$ 8,731	\$ 9,016	\$ 9,462	\$ +446	+4.9%
Federal Sources:							
Cash Receipts:							
General Revenue Fund							
Department of Public Aid	\$ 36	\$ 34	\$ 1,486	\$ 1,454	\$ 1,474	\$ +20	
All Other Agencies	10	15	15	26	26		
Total, General Revenue Fund	46	49	1,501	1,480	1,500	+20	
Federal Fiscal Assistance Fund		2					
Total, Cash Receipts	\$ 46	\$ 51	\$ 1,501	\$ 1,480	\$ 1,500	\$ +20	
Transfers In From Federal Trust Funds:							
Public Aid Trust Fund	\$ 1,295	\$ 1,337					
Other Federal Trust Funds			85	87	95	+8	
Total, Transfers In	\$ 1,295	\$ 1,337	\$ 85	\$ 87	\$ 95	\$ +8	
Total, Federal Sources	\$ 1,341	\$ 1,388	\$ 1,586	\$ 1,567	\$ 1,595	\$ +28	+1.8%
Total, Revenues	\$ 8,437	\$ 9,707	\$ 10,317	\$ 10,583	\$ 11,057	\$ +474	+4.5%

*Gross borrowing from other state funds in first six months of FY 1983

General Funds Expenditures

Total General Funds Expenditures Were \$11.223 Billion In Fiscal Year 1987

The major percentage of expenditures for public aid, elementary and secondary education, higher education, and the overall administrative expenses of state government are paid from the General Funds.

The largest spending program in fiscal year 1987 from the General Funds was "Education" with total spending of \$4.144 billion or **36.9%** of each General Funds dollar expended. Spending for elementary and secondary education accounted for \$2.821 billion or 68.1% of this program with the remainder (\$1.323 billion) being spent for higher education - universities, community colleges, and scholarships.

The second largest spending program was for "Health and Social Service" with expenditures of \$2.868 billion or **25.6%** of each General Funds dollar spent, followed by related spending of \$1.417 billion (**12.6%** of each dollar) for the "Income Support" program.

Spending for other programs of \$1.943 billion (**17.3%** of each dollar spent) included expenditures for Public Protection and Justice (\$704 million), General Government (\$662 million), Refunds (\$418 million), Natural Resources and Recreation (\$114 million), Debt Service (\$33 million), and Transportation (\$16 million).

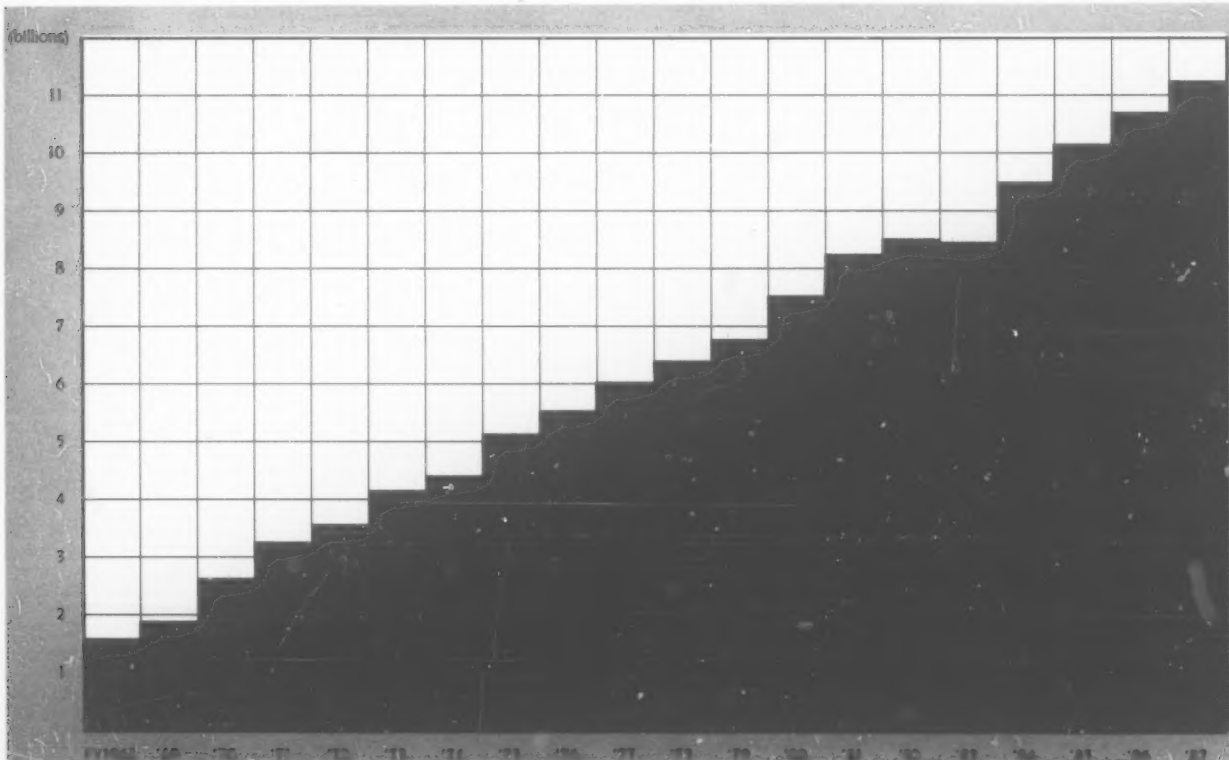
"Transfers Out" expenditures from the General Funds to other state funds was \$851 million in fiscal year 1987 or **7.6%** of each General Funds dollar expended - primarily representing money distributed to local governmental units or for general obligation bond debt service costs.

Total General Funds expenditures in fiscal year 1987 were \$443 million or 4.1% higher than comparable spending in fiscal year 1986 - Education up \$274 million, Transfers Out up \$91 million, Health and Social Services up \$78 million, Public Protection and Justice up \$47 million, Refunds down \$71 million, and all other functions up \$24 million. For comparison, fiscal year 1984 reflected growth of \$1.038 billion - the largest amount of annual increase in spending in the history of the General Funds, while fiscal year 1983 reflected a decrease of \$10 million from comparable spending in fiscal year 1982 (the first time in the history of annual budgets that total annual expenditures have declined).

Twenty Year History General Funds Expenditures (millions)

Fiscal Year	Total Expenditures*	Change		Fiscal Year	Total Expenditures*	Change	
		Amount	Percent			Amount	Percent
1968	\$ 1,589	\$ +179	+12.7%	1978	\$ 6,336	\$ +305	+5.1%
1969	1,937	+348	+21.9	1979	6,843	+507	+8.0
1970	2,600	+663	+34.2	1980	7,506	+663	+9.7
1971	3,172	+572	+22.0	1981	8,172	+666	+8.9
1972	3,606	+434	+13.7	1982	8,494	+322	+3.9
1973	4,090	+484	+13.4	1983	8,484	-10	-0.1
1974	4,357	+267	+6.5	1984	9,522	+1,038	+12.2
1975	5,144	+787	+18.1	1985	10,101	+579	+6.1
1976	5,580	+436	+8.5	1986	10,780	+679	+6.7
1977	6,031	+451	+8.1	1987	11,223	+443	+4.1

*15 months.



Analysis of Expenditures

(millions)

Warrants Issued	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987	FY 1987 Increase or Decrease	
						Amount	Percent
By Agency:							
Public Aid	\$ 2,845	\$ 2,924	\$ 3,065	\$ 3,161	\$ 3,164	\$ +3	+0.1%
State Board of Education	1,997	2,127	2,296	2,600	2,799	+199	+7.7
Higher Education Agencies:							
University of Illinois	342	384	410	452	475	+23	+5.1
Community College Board	152	156	168	189	200	+11	+5.8
Southern Illinois University	122	134	141	157	165	+8	+5.1
Scholarship Commission	92	104	109	123	140	+17	+13.8
All Other	257	279	292	322	342	+20	+6.2
Total, Higher Education Agencies	965	1,057	1,120	1,243	1,322	+79	+6.4
Revenue	402	675	792	657	614	-43	-6.5
Mental Health and Developmental Disabilities	514	533	544	565	593	+28	+5.0
All Other Agencies:							
Corrections	244	289	334	377	397	+20	+5.3
Children and Family Services	162	170	190	213	232	+19	+8.9
Central Management Services	127	148	158	158	139	-19	-12.0
Judicial Agencies	92	102	116	131	146	+15	+11.5
Treasurer	7	216	6	12	6	-6	-50.0
Other Agencies	451	561	706	906	964	+58	+6.4
Total, All Other Agencies	1,083	1,486	1,510	1,797	1,884	+87	+4.8
Prior Year Adjustments	-2	-2	-3	-3	-4	-1	-33.3
By Category:							
Awards and Grants	\$ 5,377	\$ 5,673	\$ 6,069	\$ 6,553	\$ 6,884	\$ +331	+5.1%
Operations	2,164	2,394	2,607	2,922	3,024	+102	+3.5
Refunds	259	523	628	489	418	-71	-14.5
Debt Service		209	16	33	33		
Permanent Improvements	6	3	7	26	17	-9	-34.6
Prior Year Adjustments	-2	-2	-3	-3	-4	-1	-33.3
By Function:							
Education	\$ 2,974	\$ 3,212	\$ 3,441	\$ 3,870	\$ 4,144	\$ +274	+7.1%
Health and Social Services	2,364	2,438	2,657	2,790	2,868	+78	+2.8
Income Support	1,285	1,330	1,348	1,415	1,417	+2	+0.1
Public Protection and Justice	402	504	578	657	704	+47	+7.2
General Government	463	512	564	645	662	+17	+2.6
Refunds	259	523	628	489	418	-71	-14.5
Natural Resources and Recreation	53	62	82	104	114	+10	+9.6
Debt Service		209	16	33	33		
Transportation	6	12	13	20	16	-4	-20.0
Prior Year Adjustments	-2	-2	-3	-3	-4	-1	-33.3
Total, Warrants Issued 15 Months	\$ 7,804	\$ 8,800	\$ 9,324	\$ 10,020	\$ 10,372	\$ +352	+3.5%
Transfers Out	680*	722	777	760	851	+91	+12.0
Total, Expenditures	\$ 8,484	\$ 9,522	\$ 10,101	\$ 10,780	\$ 11,223	\$ +443	+4.1%

* Includes payback of discretionary transfers (borrowing) to other state funds of \$62 million.

General Funds

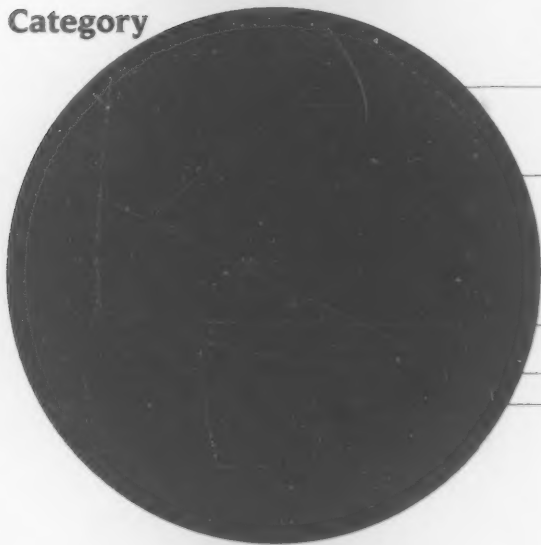
Where The Fiscal Year 1987 Dollar Was Spent

By Agency



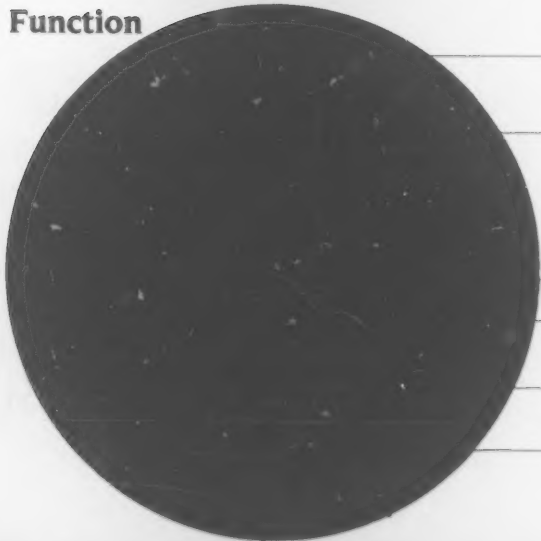
Public Aid	28.2¢
State Board of Education	24.9¢
Higher Education	11.8¢
Transfers Out	7.6¢
Revenue	5.4¢
Mental Health	5.3¢
All Other Agencies	16.8¢

By Category



Awards and Grants	61.3¢
Operations	26.9¢
Refunds	3.7¢
Debt Service and Other	0.5¢
Transfers Out	7.6¢

By Function



Education	36.9¢
Health and Social Services	25.6¢
All Other Functions	17.3¢
Transfers Out	7.6¢
Income Support	12.6¢

General Funds Summary of Transactions

Fiscal Year Ended June 30, 1987
(millions)

Available Balance Concept

Budgetary Balance Concept

Beginning Balances

\$ 288 Available Balance on June 30, 1986

Less Lapse Period Warrants Issued from
Fiscal Year 1986 Appropriations:

Operations	\$ 172
Awards and Grants	233
Refunds	29
Permanent Improvements	7
Total	\$ 441

Negative Budgetary Balance to begin

Fiscal Year 1987 \$ -153

Plus Revenues

State Sources:

Cash Receipts:	
Income Taxes (gross)	\$ 3,958
Sales Taxes	3,255
Other Sources	1,524
Transfers In from Other State Funds	725
Total, State Sources	\$ 9,462

Federal Sources:

Cash Receipts	\$ 1,500
Transfers In	95
Total, Federal Sources	\$ 1,595

\$11,057 Total, Revenues \$11,057

Less Expenditures

From FY 1987 Appropriations and Lapse Period
Spending from FY 1986 Appropriations

From Fiscal Year 1987 Appropriations

12 Months Warrants Issued

15 Months Warrants Issued

\$ 3,012	Operations	\$ 3,024
6,950	Awards and Grants	6,884
329	Refunds	418
33	Debt Service	33
20	Permanent Improvements	17
-4	Prior Year Adjustments	-4
\$ 10,340	Total, Warrants Issued	\$10,372
851	Transfers Out	851
\$ 11,191	Total Expenditures	\$11,223

Equals Ending Balances

\$ 154 Available Balance on June 30, 1987

Less Lapse Period Warrants Issued from
Fiscal Year 1987 Appropriations:

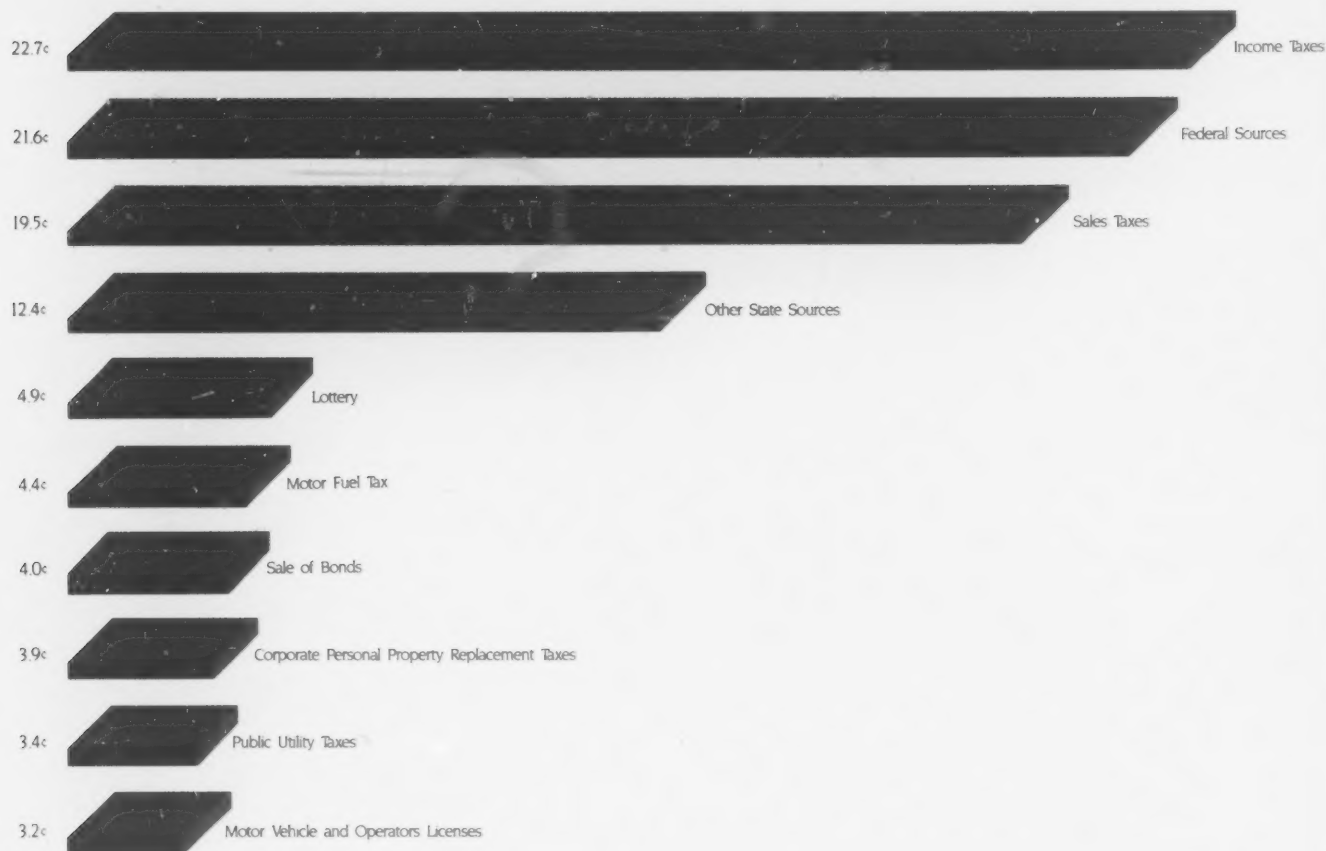
Operations	\$ 184
Awards and Grants	167
Refunds	118
Permanent Improvements	4
Total	\$ 473

Negative Budgetary Balance to begin

Fiscal Year 1988 \$ -319

Appropriated Funds

Where The Fiscal Year 1987 Dollar Came From



Total Appropriated Funds Revenues Were \$17.396 Billion In Fiscal Year 1987

In all serious discussions of State fiscal affairs, a review of revenues and expenditures from the General Funds should be followed by a look at transactions in the Appropriated Funds group as these funds represent the "Illinois State Budget".

As General Funds revenues account for the major portion of Total Appropriated Funds revenues, the two major state tax sources of General Funds revenues are also key revenue sources under Appropriated Funds.

In fiscal year 1987, \$3.958 billion or **22.7%** of each appropriated revenue dollar came from individual and corporate income taxes. The increase in individual income taxes was the result of changes in federal tax policy, growth in the tax base, and changes in processing. The increase in corporate income taxes was due in part to additional revenue from an audit settlement and a deviation in the flow of revenues between fiscal years.

Another \$3.762 billion or **21.6%** of each appropriated revenue dollar came from federal sources. \$1.595 billion or 42.4% of this total was directed to the General Funds (including reimbursements for public aid and social services expenditures) while \$571 million was received for highway purposes. Of the remaining \$1.596 billion, \$1.390 billion was deposited into the various Federal Trust Funds in the State Treasury, \$169 million directed to State Trust Funds, \$34 million to Special State Funds, and \$3 million to Debt Service Funds.

\$3.391 billion or **19.5%** of each appropriated revenue dollar came from the state sales taxes in fiscal year 1987.

The remaining \$6.285 billion or **36.2%** of each appropriated revenue dollar in fiscal year 1987 included \$857 million from lottery tickets and licenses, \$761 million from the motor fuel tax (the increase includes \$53 million from a delay in the deposit of fiscal year 1986 receipts until fiscal year 1987), \$698 million from the sale of bonds (\$341 million in refunding bonds), \$673 million from corporate personal property replacement taxes, \$585 million from public utility taxes, \$565 million from motor vehicle and operators licenses, and \$2.146 billion from all other sources.

Total Appropriated Funds revenues in fiscal year 1987 were \$819 million or 4.9% higher than comparable revenues in fiscal year 1986 — state sources up \$866 million, federal sources up \$75 million, and the sale of bonds down \$122 million. The major revenue increases in state sources were \$389 million in individual income taxes, \$124 million in motor fuel taxes, \$100 million from short-term borrowing, \$92 million from fund transfers, \$56 million in cigarette taxes, \$54 million in optional health insurance deductions, and \$48 million in sales taxes.

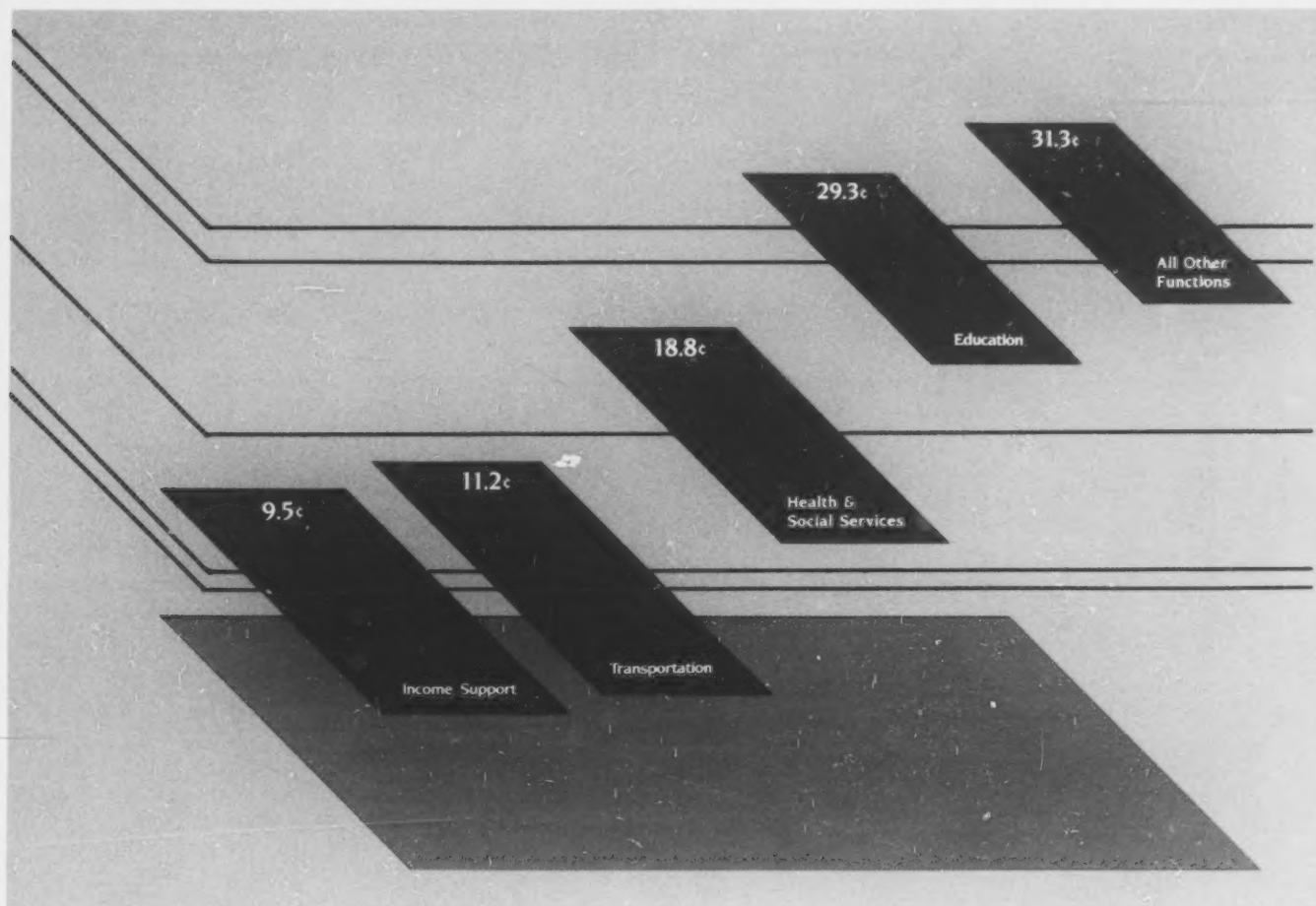
The average annual increase in Appropriated Funds revenues over the last four fiscal years is \$1.348 billion — fiscal year 1984 up \$2.083 billion, fiscal year 1985 up \$1.228 billion, fiscal year 1986 up \$1.261 billion, and fiscal year 1987 up \$819 million.

Analysis of Revenues

(millions)						FY 1987	
	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987	Increase or Decrease Amount	Percent
State Sources:							
Cash Receipts:							
Income Taxes (gross)							
Individual	\$ 2,383	\$ 3,178	\$ 2,863	\$ 2,914	\$ 3,303	\$ +389	+13.3%
Corporate	416	549	595	633	655	+22	+3.5
Total, Income Taxes (gross)	2,799	3,727	3,458	3,547	3,958	+411	+11.6
Sales Taxes	2,383	2,639	3,152	3,343	3,391	+48	+1.4
Other State Sources							
Lottery Tickets & Licenses	250	492	748	826	857	+31	
Motor Fuel Tax (gross)	371	544	627	637	761	+124	
Corporate Personal Property							
Replacement Taxes	434	504	574	635	673	+38	
Public Utility Taxes	645	639	657	646	585	-61	
Motor Vehicle & Operators Licenses	338	428	540	555	565	+10	
Cigarette Taxes	173	167	167	195	251	+56	
Tuition & Other University Income	157	180	196	205	223	+18	
Revolving Funds	109	106	135	149	166	+17	
Insurance Tax & Fees	114	123	127	137	151	+14	
Investment Income	114	140	178	160	135	-25	
Fund Transfers	4	7	4	43	135	+92	
Short-Term Borrowing	150	50	....	....	100	+100	
Inheritance Tax (gross)	143	109	63	57	83	+26	
Corporation Franchise Tax & Fees	43	64	56	61	74	+13	
Liquor Gallonage Taxes & Licenses	75	73	72	71	69	-2	
Hotel Tax	34	38	50	56	64	+8	
Horse Racing Taxes & Fees	71	65	65	58	55	-3	
Optional Health Insurance Deductions	....	....	....	....	54	+54	
Oil Overcharges	....	....	3	96	41	-55	
Amnesty Taxes	....	....	76	38	....	-38	
Other Taxes, Licenses & Earnings	251	350	336	471	504	+33	
Total, Other State Sources	3,476	4,079	4,674	5,096	5,546	+450	+8.8
Total, Cash Receipts	\$ 8,658	\$ 10,445	\$ 11,284	\$ 11,986	\$ 12,895	\$ +909	+7.6%
Transfers In From Other State Funds:							
Protest Fund	\$ 33	\$ 30	\$ 74	\$ 43	\$ 22	\$ -21	
Municipal & County Sales Tax Funds	11	13	14	12	13	+1	
Warrant Escheat Fund	3	3	4	4	5	+1	
Farm Credit Payment Adjustment Fund	....	....	....	24	1	-23	
Public Building Fund	....	....	25	1	....	-1	
Public Assistance Recoveries Fund	22	....	17	....	....	....	
Total, Transfers In	\$ 69	\$ 46	\$ 134	\$ 84	\$ 41	\$ -43	
Total, State Sources	\$ 8,727	\$ 10,491	\$ 11,418	\$ 12,070	\$ 12,936	\$ +866	+7.2%
Federal Sources:							
Cash Receipts:							
General Funds	\$ 46	\$ 52	\$ 1,502	\$ 1,480	\$ 1,500	\$ +20	
Highway Funds	442	621	595	636	571	-65	
Special State Funds	7	7	7	7	18	+11	
Debt Service Funds	3	1	2	10	3	-7	
Federal Trust Funds	1,013	1,114	1,220	1,288	1,356	+68	
State Trust Funds	37	46	90	139	169	+30	
Total, Cash Receipts	\$ 1,548	\$ 1,841	\$ 3,416	\$ 3,560	\$ 3,617	\$ +57	
Transfers In:							
Public Aid Trust Fund:							
General Funds	\$ 1,340	\$ 1,396	....	....	....	....	
Social Services Block Grant Fund:							
General Funds	....	....	\$ 85	\$ 86	\$ 95	\$ +9	
Special State Funds	....	....	10	10	16	+6	
Federal Trust Funds	....	....	39	31	34	+3	
Total, Transfers In	\$ 1,340	\$ 1,396	\$ 134	\$ 127	\$ 145	\$ +18	
Total, Federal Sources	\$ 2,888	\$ 3,237	\$ 3,550	\$ 3,687	\$ 3,762	\$ +75	+2.0%
Sale of Bonds:							
Bond Proceeds	\$ 390	\$ 360	\$ 348	\$ 553	\$ 357	\$ -196	
Refunding Bond Proceeds	....	....	....	267	341	+74	
Total, Sale of Bonds	\$ 390	\$ 360	\$ 348	\$ 820	\$ 698	\$ -122	-14.9%
Total Revenues—Appropriated Funds	\$ 12,005	\$ 14,088	\$ 15,316	\$ 16,577	\$ 17,396	\$ +819	+4.9%

Appropriated Funds

Where The Fiscal Year 1987 Dollar Was Spent



Total Appropriated Funds Expenditures Were \$17.418 Billion In Fiscal Year 1987

The largest expenditure agency from Appropriated Funds was the Department of Public Aid with spending of \$3.359 billion or **19.3%** of each fiscal year 1987 appropriated dollar. Of this total, \$2.987 billion or 88.9% was expended for the various grant programs.

The second largest spending agency was the State Board of Education with spending of \$3.304 billion or **19.0%** of each appropriated dollar expended. \$1.819 billion or 55.1% of this total was for general apportionment payments to local school districts.

The third largest expenditure agency was the Department of Transportation with spending of \$1.961 billion or **11.3%** of each dollar of total spending from Appropriated Funds. \$995 million or 50.7% of this total was for highway/waterway construction.

Spending by the Department of Revenue (including State Lottery) totaled \$1.795 billion or **10.3%** of each appropriated dollar expended in fiscal year 1987. Included in this total was \$550 million for payments to local governments from the Personal Property Tax Replacement Fund, \$439 million for refunds, \$285 million for grants to local governments from the Local Government Distributive Fund (1/12 of net state income taxes), and \$272 million for payment of prizes from the State Lottery Fund.

Expenditures for Higher Education agencies were \$1.730 billion or **9.9%** of each appropriated dollar spent in fiscal year 1987. \$580 million or 33.5% of the total was for the University of Illinois.

Only two other agencies had spending in excess of \$600 million in fiscal year 1987 — the State Treasurer with spending of \$753 million (**4.3%** of each appropriated dollar) which included \$742 million for debt service (\$248 million for refunding bonds) and the Department of Mental Health and Developmental Disabilities with spending of \$632 million or **3.6%** of each appropriated dollar (\$243 million for grants).

Spending by all other agencies in fiscal year 1987 from Appropriated Funds was \$3.899 billion or **22.4%** of each appropriated dollar spent. Three agencies had spending in excess of \$400 million — Central Management Services \$564 million, Commerce and Community Affairs \$434 million, and Corrections \$417 million.

Total expenditures from Appropriated Funds in fiscal year 1987 were \$1.019 billion or 6.2% higher than comparable spending in fiscal year 1986 — the increase in fiscal year 1986 was \$1.393 billion, in fiscal year 1985 \$1.301 billion, and in fiscal year 1984 \$1.680 billion. The average increase over the last four fiscal years is \$1.348 billion.

Analysis of Expenditures

(millions)

(millions)							FY 1987	
						Increase or Decrease		
Warrants Issued:	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987	Amount	Percent	
By Agency:								
Public Aid	\$ 2,933	\$ 3,069	\$ 3,218	\$ 3,348	\$ 3,359	\$ +11	+0.3%	
State Board of Education	2,417	2,554	2,726	3,072	3,304	+232	+7.6	
Transportation	1,257	1,593	1,870	1,928	1,961	+33	+1.7	
Revenue and State Lottery	1,083	1,486	1,833	1,733	1,795	+62	+3.6	
Higher Education Agencies:								
University of Illinois	408	462	498	543	580	+37	+6.8	
Scholarship Commission	122	143	189	240	294	+54	+22.5	
Southern Illinois University	157	172	181	198	209	+11	+5.6	
Community College Board	152	157	170	191	202	+11	+5.8	
All Other	330	360	380	416	445	+29	+7.0	
Total, Higher Education Agencies	1,169	1,294	1,418	1,588	1,730	+142	+8.9	
Treasurer	372	621	438	670	753	+83	+12.4	
Mental Health and Developmental Disabilities	559	573	579	641	632	-9	-1.4	
All Other Agencies:								
Central Management Services	271	316	360	379	564	+185	+48.8	
Commerce and Community Affairs	199	261	359	518	434	-84	-16.2	
Corrections	255	304	347	391	417	+26	+6.6	
Children and Family Services	186	197	221	249	267	+18	+7.2	
Secretary of State	133	146	163	174	182	+8	+4.6	
Public Health	94	122	131	154	181	+27	+17.5	
Employment Security and Labor	144	157	170	178	175	-3	-1.7	
Capital Development Board	182	164	159	141	163	+22	+15.6	
State Police (Law Enforcement)	102	107	122	145	150	+5	+3.4	
Judicial Agencies	93	103	117	132	148	+16	+12.1	
Rehabilitation Services	82	87	102	126	134	+8	+6.3	
All Other	502	556	683	842	1,084	+242	+28.7	
Total, All Other Agencies	2,243	2,520	2,934	3,429	3,899	+470	+13.7	
Prior Year Adjustments	-8	-5	-10	-10	-15	-5	-50.0	
By Category:								
Awards and Grants	\$ 7,329	\$ 7,987	\$ 8,755	\$ 9,613	\$ 10,130	\$ +517	+5.4%	
Operations	3,306	3,602	3,981	4,351	4,779	+428	+9.8	
Highway/Waterway Construction	603	789	1,005	1,011	995	-16	-1.6	
Debt Service	360	622	458	777	904	+127	+16.3	
Refunds	274	545	652	508	448	-60	-11.8	
Permanent Improvements	161	165	165	149	177	+28	+18.8	
Prior Year Adjustments	-8	-5	-10	-10	-15	-5	-50.0	
By Function:								
Education	\$ -3,649	\$ 3,899	\$ 4,187	\$ 4,729	\$ 5,104	\$ +375	+7.9%	
Health and Social Services	2,691	2,754	3,034	3,233	3,266	+33	+1.0	
Transportation	1,251	1,586	1,859	1,917	1,955	+38	+2.0	
Income Support	1,415	1,549	1,552	1,638	1,659	+21	+1.3	
All Other Functions:								
General Government	1,659	1,903	2,322	2,544	2,897	+353	+13.9	
Debt Service	360	622	458	777	904	+127	+16.3	
Public Protection and Justice	567	681	765	815	862	+47	+5.5	
Refunds	274	545	652	508	448	-60	-11.8	
Natural Resources and Recreation	167	171	187	248	338	+90	+36.3	
Total, All Other Functions	3,027	3,922	4,384	4,892	5,449	+557	+10.2	
Prior Year Adjustments	-8	-5	-10	-10	-15	-5	-50.0	
Total Expenditures in 15 Months	\$12,025	\$13,705	\$15,006	\$16,399	\$17,418	\$ +1,019	+6.2%	

Appropriated Funds

Where The Fiscal Year 1987 Dollar Was Spent

By Agency



Public Aid 19.3%

State Board of Education 19.0%

Transportation 11.3%

Revenue 10.3%

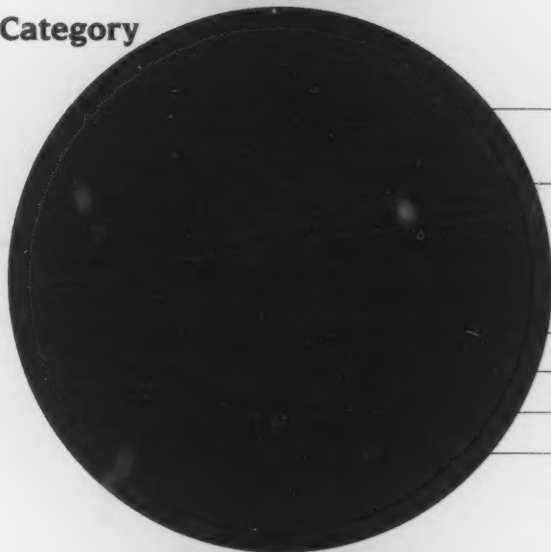
Higher Education 9.9%

Treasurer 4.3%

Mental Health 3.6%

All Other Agencies 22.4%

By Category



Awards and Grants 58.2%

Operations 27.4%

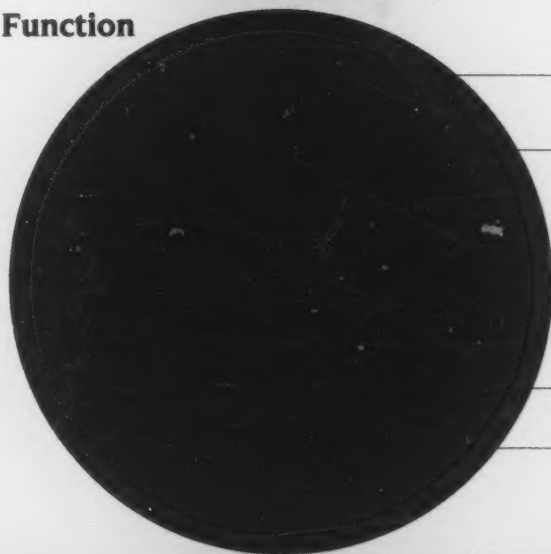
Highway/Waterway Construction 5.7%

Debt Service 5.2%

Refunds 2.6%

Permanent Improvements 1.0%

By Function



Education 29.3%

Health and Social Services 18.8%

Transportation 11.2%

Income Support 9.5%

All Other Functions 31.3%

Summary of Transactions

Fiscal Year Ended June 30, 1987
(millions)

Available Balance Concept

Budgetary Balance Concept

Beginning Balances

\$ 1,629 **Available Balance** on June 30, 1986

Less Lapse Period Warrants Issued from
Fiscal Year 1986 Appropriations:

Operations	\$ 366
Awards and Grants	454
Refunds	30
Permanent Improvements	11
Total	\$ 861

Budgetary Balance to begin Fiscal Year 1987 **\$ 768**

+2 Adjustments for Changes in Fund Classifications +3

\$ 1,631 **Adjusted Balances** **\$ 771**

Plus Revenues

State Sources:

Cash Receipts	\$12,895
Transfers In from Other State Funds	41
Total, State Sources	\$12,936

Federal Sources:

Cash Receipts	\$ 3,617
Transfers In	145
Total, Federal Sources	\$ 3,762

Sale of Bonds **\$ 698**

\$17,396 **Total, Revenues** **\$17,396**

Less Expenditures

From FY 1987 Appropriations and Lapse Period
Spending from FY 1986 Appropriations

From Fiscal Year 1987 Appropriations

12 Months Warrants Issued

15 Months Warrants Issued

\$ 4,755
10,215
995
355
904
181
-15
\$17,390

Operations
Awards and Grants
Highway/Waterway Construction
Refunds
Debt Service
Permanent Improvements
Prior Year Adjustments
Total, Expenditures

\$ 4,779
10,130
995
448
904
177
-15
\$17,418

Equals Ending Balances

\$ 1,637 **Available Balance** on June 30, 1987

Less Lapse Period Warrants Issued from
Fiscal Year 1987 Appropriations:

Operations	\$ 390
Awards and Grants	369
Refunds	123
Permanent Improvements	6
Total	\$ 888

Budgetary Balance to begin Fiscal Year 1988 **\$ 749**

Appropriated Funds Ten Year History

(millions)

Fund Group	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987
Cash Receipts										
General Funds	\$ 5,282	\$ 5,853	\$ 6,341*	\$ 6,484	\$ 6,633	\$ 6,746	\$ 7,861	\$ 9,523	\$ 9,700	\$ 10,237
Highway Funds	990	1,062	1,352	1,325	1,190	1,198	1,641	1,813	1,888	1,966
University Income Funds	90	89	208	118	134	158	181	197	206	224
Special State Funds	213	210	625	797	813	893	1,214	1,612	1,889	2,178
Bond Financed Funds	405	540	300	390	200	395	361	348	622	452
Debt Service Funds	10	15	19	16	13	9	8	11	220	260
Federal Trust Funds	625	686	805	978	897	1,027	1,129	1,247	1,399	1,427
Revolving Funds	65	71	78	95	101	109	106	135	149	166
State Trust Funds	216	87	124	66	64	61	145	172	293	300
Total Cash Receipts	\$ 7,903	\$ 8,613	\$ 9,752	\$ 10,269	\$ 10,045	\$ 10,596	\$ 12,646	\$ 15,048	\$ 16,366	\$ 17,210

Appropriations

General Funds	\$ 6,032	\$ 6,529	\$ 7,120	\$ 7,795	\$ 8,074	\$ 8,132	\$ 8,986	\$ 9,561	\$ 10,380	\$ 10,556
Highway Funds	1,583	1,841	2,366	2,609	1,997	2,259	2,850	2,973	2,933	2,854
University Income Funds	93	92	108	118	140	167	186	206	215	222
Special State Funds	165	532	1,050	1,019	987	1,073	1,126	1,442	1,713	2,027
Bond Financed Funds	1,386	1,322	1,388	1,417	1,301	1,201	1,131	1,137	1,593	1,917
Debt Service Funds	193	220	252	283	324	360	404	433	489	539
Federal Trust Funds	876	897	1,114	1,273	1,157	1,298	1,608	1,802	1,860	2,002
Revolving Funds	70	78	87	101	112	127	130	153	173	199
State Trust Funds	71	73	89	71	73	72	95	171	222	242
Total Appropriations	\$ 10,769	\$ 11,584	\$ 12,574	\$ 14,686	\$ 14,463	\$ 14,689	\$ 16,516	\$ 17,878	\$ 19,578	\$ 20,558

Warrants Issued**

General Funds	\$ 5,909	\$ 6,359	\$ 6,946	\$ 7,650	\$ 7,935	\$ 7,804	\$ 8,800	\$ 9,323	\$ 10,020	\$ 10,372
Highway Funds	914	1,052	1,346	1,396	1,148	1,215	1,504	1,778	1,758	1,775
University Income Funds	90	90	103	113	134	162	182	201	206	219
Special State Funds	419	466	921	928	880	889	1,098	1,377	1,519	1,861
Bond Financed Funds	375	363	308	380	379	402	306	308	417	546
Debt Service Funds	187	220	249	281	324	360	400	429	674	777
Federal Trust Funds	630	706	838	969	924	1,033	1,197	1,289	1,397	1,413
Revolving Funds	65	71	80	92	100	107	117	137	151	168
State Trust Funds	226	77	212	64	57	53	101	164	257	287
Total Warrants Issued	\$ 8,815	\$ 9,404	\$ 11,103	\$ 11,873	\$ 11,881	\$ 12,025	\$ 13,705	\$ 15,006	\$ 16,399	\$ 17,418

* General Funds decreased and Special State Funds increased by \$491 million to adjust for corporate personal property replacement tax revenue which was passed through the General Funds in fiscal 1980.

** 15 months.

All Funds Summary of Transactions

Fiscal Year Ended June 30, 1987
(millions)

Available Balance Concept

Budgetary Balance Concept

Beginning Balances

\$ 2,064 Available Balance on June 30, 1986

Less Lapse Period Warrants Issued for Fiscal Year 1986:

Operations	\$ 376
Awards and Grants	493
Refunds	31
Permanent Improvements	11
Total	\$ 911

Budgetary Balance to begin Fiscal Year 1987 \$ 1,153

Plus Cash Receipts

State Sources:

Sales Taxes	\$ 4,588
Income Taxes (gross)	4,408
Other State Sources	7,171
Sale of Bonds	698
Total, State Sources	\$16,865

Federal Sources 3,766

\$20,631 Total, Cash Receipts \$20,631

Less Warrants Issued

Warrants Charged to FY 1987 and Lapse Period
Warrants Charged to FY 1986

Warrants Charged to FY 1987

12 Months Warrants Issued

15 Months Warrants Issued

\$ 5,799	Operations	\$ 5,821
12,183	Awards and Grants	12,106
1,032	Highway/Waterway Construction	1,032
394	Refunds	487
904	Debt Service	904
181	Permanent Improvements	177
-15	Prior Year Adjustments	-15
\$20,478	Total, Warrants Issued	\$20,512

Equals Ending Balances

\$ 2,217 Available Balance on June 30, 1987

Less Lapse Period Warrants Issued for Fiscal Year 1987:

Operations	\$ 398
Awards and Grants	417
Refunds	123
Permanent Improvements	7
Total	\$ 945

Budgetary Balance to begin Fiscal Year 1988 \$ 1,272

Budgetary Financial Statements & Schedules

Report of Independent Accountants

The Honorable Robert G. Cronson
Auditor General
State of Illinois

We have examined, as Special Assistant Auditors for the Auditor General, State of Illinois, the statement of budgetary fund balances relating to the fiscal control officer responsibilities of the Office of the Comptroller — State of Illinois (Comptroller) as of June 30, 1987 and the statement of budgetary receipts and expenditures, schedules of changes in appropriated and non-appropriated budgetary fund balances and schedules of appropriations, budgetary expenditures, and lapsed budgetary balances for the year then ended. Our examination was made in accordance with generally accepted auditing standards and the standards for financial audits contained in the U.S. General Accounting Office's Standards for Audit of Governmental Organizations, Programs, Activities, and Functions and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The accompanying budgetary statements and schedules present the balances and transactions relating to the fiscal control officer responsibilities of the Comptroller on the basis described in Note 1. As explained therein, this basis of presentation differs from generally accepted accounting principles. Accordingly, the accompanying budgetary statements and schedules do not purport to present the financial position or results of operations of the State of Illinois in conformity with generally accepted accounting principles.

In our opinion, the accompanying budgetary statements present fairly the budgetary fund balances at June 30, 1987, budgetary receipts and expenditures and changes in budgetary fund balances for the year then ended relating to the fiscal control officer responsibilities of the Office of the Comptroller — State of Illinois on the basis of accounting described in Note 1, applied on a basis consistent with that of the preceding year.

The general purpose financial statements and supplementary schedules of the State of Illinois for the year ended June 30, 1987, prepared in conformity with generally accepted accounting principles, included on pages 6 through 54, were examined by the Auditor General of the State of Illinois.

We have also performed a compliance audit of the fiscal control officer responsibilities of the Office of the Comptroller — State of Illinois for the twelve months ended March 31, 1987, and have issued our report thereon, dated November 30, 1987.

Chicago, Illinois
December 17, 1987

Taucher Ross & Co.



Statement of Budgetary Fund Balances

Fiscal Year Ended June 30, 1987

Comptroller
State of Illinois
Fiscal Control Officer Responsibilities

(thousands)

	Total		Appropriated Funds			Non-Appropriated Funds								
	(memorandum only)		Total	General	Other	Total	Federal	State						
Budgetary Fund Balances June 30, 1986	\$	1,153,049	\$	768,107	\$	152,693	\$	920,800	\$	384,942	\$	1,116	\$	383,826
Adjustments for changes in fund classifications				+2,957				+2,957		2,957		950		-2,007
Adjusted Budgetary Fund Balances, June 30, 1986	\$	1,153,049	\$	771,064	\$	152,693	\$	923,757	\$	381,985	\$	166	\$	381,819
Receipts		20,631,271		17,210,004		10,237,363		6,972,641		3,421,267		149,084		3,272,183
Expenditures during fiscal year		19,566,865		16,529,772		9,899,234		6,630,538		3,037,093		3,447		3,033,646
Net Transfers				+185,587		31,154		+216,741		185,587		144,753		40,834
Available Fund Balances June 30, 1987	\$	2,217,455	\$	1,636,883	\$	154,282	\$	1,482,601	\$	580,572	\$	1,050	\$	579,522
Expenditures during lapse period		944,940		888,261		472,575		415,686		56,688		956		55,732
Budgetary Fund Balances June 30, 1987	\$	1,272,506	\$	748,622	\$	318,293	\$	1,066,915	\$	523,884	\$	94	\$	523,790

See Accompanying Note to Financial Statements and Schedules

Statement of Budgetary Receipts and Expenditures

Fiscal Year Ended June 30, 1987

Comptroller
State of Illinois
Fiscal Control Officer Responsibilities

(thousands)

	Total (memorandum only)		Appropriated Funds			Non-Appropriated Funds		
		Total	General	Other		Total	Federal	State
Receipts:								
State Sources								
Income Taxes	\$	4,408,347	\$	3,957,969	\$	450,378	\$	
Sales Taxes		4,588,530		3,254,894		135,828		1,197,808
Sale of Bonds		697,583		697,583				
Other State Sources		7,170,957		1,524,189		2,074,787	412	2,074,375
Federal Sources		3,765,854		1,500,311		148,672	148,672	
Total Receipts	\$	20,631,271	\$	10,237,363	\$	6,972,641	\$	3,272,183
Expenditures:								
Investing in Education	\$	5,775,038	\$	4,144,504	\$	959,318	\$	671,166
General Government		5,104,043		662,380		2,207,536		2,207,070
Health and Social								
*Services		3,269,942		2,867,837		3,682	2,681	1,001
Transportation		2,097,089		1,938,323		142,259		142,259
Income Support		1,672,205		1,417,147		241,842		13,216
Debt Service		903,822		82,962		870,859		1
Public Protection and								
Justice		879,385		703,508		16,903	846	16,057
Refunds (taxes and other)		486,592		417,754		38,481	77	38,404
Natural Resources and								
Recreation		338,823		113,675		703	283	420
Voided Warrants Issued								
in Prior Years		-15,125		-4,465		-216		-216
Total Expenditures	\$	20,511,814	\$	10,371,809	\$	7,046,224	\$	3,089,378
Transfers:								
From Other Funds	\$	4,373,861	\$	2,336,131	\$	2,036,367	\$	1,362
To Other Funds		4,373,861		2,367,285		1,819,626	144,753	42,196
Net Transfers	\$	0	\$	-31,154	\$	-185,587	\$	40,834
Net Change in Budgetary								
Fund Balances	\$	119,457	\$	-165,600	\$	141,899	\$	141,971

See Accompanying Note to Financial Statements and Schedules

Changes in Appropriated Budgetary Fund Balances

Fiscal Year Ended June 30, 1987

(thousands)

Fund Group and Fund	Fund Code	Balance June 30, 1986	Ordered Into Treasury	Transfers From Other Funds
General Funds:				
General Revenue	001	\$ -184,324	\$ 9,334,780	\$ 266,863
General Revenue—Common School Special Account ..	005	18,937	810,719	.....
Common School	412	12,694	91,864	2,069,268
Total, General Funds		\$ -152,693	\$10,237,363	\$ 2,336,131
Other Appropriated Funds:				
Highway Funds:				
Road	011	\$ 87,922	\$ 982,838	\$ 143,292
State Construction Account	902	89,442	222,782	251,378
Motor Fuel Tax				
State	012	16,744	760,816	85,043
Counties	413	-10,776	.....	116,778
Municipalities	414	-15,112	.....	163,762
Townships and Road Districts	415	-4,892	.....	53,012
Grade Crossing Protection	019	14,841	.....	12,000
Total, Highway Funds		178,169	1,966,436	825,265
University and College Income Funds:				
Board of Governors				
Chicago State University	030	-234	6,408	.....
Eastern Illinois University	034	1,252	10,710	.....
Governors State University	027	639	4,092	.....
Northeastern Illinois University	037	-667	8,502	.....
Western Illinois University	038	-480	12,579	.....
Board of Regents				
Illinois State University	028	845	21,634	.....
Northern Illinois University	029	-317	24,503	.....
Sangamon State University	020	196	2,536	.....
Southern Illinois University	035	-962	43,674	.....
State Community College of East St. Louis	766	82	489	.....
University Income (University of Illinois)	032	-4,106	88,675	.....
Total, University and College Income Funds		-3,752	223,802	.....
Special State Funds:				
Aeronautics	046	152	185	.....
Agricultural Premium	045	-1,686	35,574	1,000
Alzheimers Disease Research	060	84	.....	157
Attorney Generals Grant	901	20	30	.....
Bank and Trust Company	795	-443	7,700	.....
Bi-State Public Transportation	794	147	44	7,842
Build Illinois	960 .....	.....	174,784	.....
Build Illinois Capital Revolving Loan	973	32	822	.....
Build Illinois Purposes	972	10,464	.....	45,000
Cemetery Consumer Protection	096 .....	.....	13	.....
Child Abuse Prevention	934	359	15	262
Coal Technology Development Assistance	925	1,560	.....	5,459
Continuing Legal Education Trust	844	32	76	.....
Criminal Justice Information Systems Trust	886	44	619	.....
Cycle Rider Safety Training	863	1,002	727	.....
Department of Children and Family Services Training	094 .....	.....	158	.....
Design Professionals Administration and Investigation	888	1,152	1,282	.....
Domestic Violence Shelter and Service	865	2,323	395	.....
Downstate Public Transportation	648	4,824	.....	12,576
Dram Shop	821	4,219	1,695	.....
Drivers Education	031	7,735	18,138	.....
Drug Traffic Prevention	878	27	149	.....
Environmental Protection Permit and Inspection	944	246	627	.....
Estate Tax Collections Distributive	815	-244	.....	3,533
Fair and Exposition	245	1,447	1,422	.....
Farm Emergency Assistance	995	19,809	68	476
Federal Job-Training Information Systems Revolving ..	083 .....	.....	785	.....
Fire Prevention	047	6,822	9,984	.....
Food and Housing Assistance	959	68	.....	22
Governors Grant	947	1	.....	.....
Group Self-Insurers Insolvency	939	21	11	.....
Hazardous Waste	828	3,346	2,470	.....
Hazardous Waste Research	840	166	402	.....
Health Insurance Reserve	907 .....	.....	190,921	.....
Hearing Aid Dispenser Examining and Certification ..	938	62	119	.....
Illinois Bank Examiners Education	201 .....	.....	256	.....
Illinois Equity	974 .....	.....	21	.....
Illinois Forestry Development	905	522	369	.....

Deduct:		Available Balance June 30, 1987	Expenditures (b) Lapse Period	Budgetary Balance June 30, 1987	Fund Code
Transfers To Other Funds	Expenditures (a)				
\$ 1,556,834	\$ 7,747,813	\$ 112,672	\$ 472,439	\$ -359,767	001
810,451	.....	19,205	.....	19,205	005
.....	2,151,421	22,405	136	22,269	412
\$ 2,367,285	\$ 9,899,234	\$ 154,282	\$ 472,575	\$ -318,293	.....
\$ 142,133	\$ 931,445	\$ 140,474	\$ 56,391	\$ 84,083	011
.....	413,988	149,614	.....	149,614	902
761,229	36,624	64,750	4,800	59,950	012
.....	106,002	.....	9,151	-9,151	413
.....	148,650	.....	12,832	-12,832	414
.....	48,120	.....	4,154	-4,154	415
.....	2,878	23,963	.....	23,963	019
903,362	1,687,707	378,801	87,328	291,473	.....
.....	5,531	643	1,050	-407	030
.....	10,143	1,819	759	1,060	034
.....	3,156	1,575	886	689	027
.....	6,391	1,444	961	483	037
.....	10,556	1,543	1,268	275	038
.....	18,777	3,702	2,318	1,384	028
.....	20,265	3,921	3,606	315	029
.....	1,354	1,378	915	463	020
.....	36,215	6,497	7,864	-1,367	035
.....	359	212	28	184	766
.....	66,102	18,467	20,300	-1,833	032
.....	178,849	41,201	39,955	1,246	.....
.....	109	228	28	200	046
.....	33,170	1,718	3,719	-2,001	045
.....	100	141	-6	147	060
.....	.....	50	.....	50	901
.....	6,771	486	1,280	-794	795
.....	4,066	3,967	3,777	190	794
174,784	.....	.....	.....	.....	960
.....	.....	854	.....	854	973
.....	37,206	18,258	.....	18,258	972
.....	.....	13	.....	13	096
.....	319	317	-4	321	934
.....	4,261	2,758	739	2,019	925
.....	43	65	17	48	844
.....	459	204	39	165	886
.....	1,338	391	11	380	863
.....	157	1	257	-256	094
.....	616	1,818	113	1,705	888
.....	.....	2,718	.....	2,718	865
1,483	9,598	6,319	466	5,853	648
.....	4,048	1,866	23	1,843	821
.....	20,398	5,475	.....	5,475	031
.....	132	44	.....	44	878
.....	228	645	72	573	944
.....	3,289	.....	1,491	-1,491	815
1,000	970	899	.....	899	245
.....	20,247	106	33	73	995
.....	632	153	207	-54	083
218	5,729	10,859	1,717	9,142	047
.....	1	89	88	1	959
.....	.....	1	.....	1	947
.....	.....	32	.....	32	939
.....	92	5,724	219	5,505	828
.....	78	490	219	271	840
.....	189,148	1,773	12,700	-10,927	907
.....	113	68	7	61	938
.....	.....	256	7	249	201
.....	.....	21	.....	21	974
.....	184	707	4	703	905

Changes in Appropriated Budgetary Fund Balances (continued)

Fiscal Year Ended June 30, 1987

(thousands)

Fund Group and Fund	Fund Code	Budgetary Balance June 30, 1986	Receipts Ordered Into Treasury	Transfers From Other Funds
Other Appropriated Funds (Continued):				
Special State Funds (Continued):				
Illinois Gaming Law Enforcement	085		100	
Illinois Historic Sites	538	319	577	
Illinois National Guard Armory Construction	927	2,609		
Illinois Non-Game Wildlife Conservation	909	250	6	192
Illinois Racetrack Improvement	710	2,830	3,244	
Illinois Standardbred Breeders	708	738	1,683	
Illinois State Dental Disciplinary	823	78	795	
Illinois State Medical Disciplinary	093	1,599	2,793	
Illinois State Pharmacy Disciplinary	057	1,035	355	
Illinois State Podiatric Disciplinary	954	95	88	
Illinois Thoroughbred Breeders	709	339	2,066	
Illinois Veterans Rehabilitation	036	761	1,449	
Insurance Financial Regulation	997	587	707	
Insurance Producer Administration	922	2,031	4,080	
Juvenile Drug Abuse	910	73	149	
Large Business Attraction	975		3,474	
Law Enforcement Services	906	319	1,513	
Local Government Distributive	515	3		285,000
Local Initiative	762	342		15,800
Local Tourism	969	28		3,000
Manteno Veterans Home	980	11	1,872	
Medical Center Commission Income	839	557	660	
Mental Health	050	-904	29,957	
Mental Health Education	987	41		15
Metabolic Screening and Treatment	920	422	457	
Metropolitan Exposition Auditorium and Office Building	053	15,637	14,773	
Metropolitan Fair and Exposition Authority Improvement Bond	961			31,075
Metropolitan Fair and Exposition Authority Reconstruction	099		4,800	
Missing And Exploited Children Trust	986	1	23	
Natural Heritage Endowment Trust	069	501	28	
Natural Resources Information	914	218	130	
Nuclear Safety Emergency Preparedness	796	5,397	6,013	15
Optometric Examining and Disciplinary Committee	889	270	35	
Park and Conservation	962	10,839		10,000
Personal Property Tax Replacement	802	110,791	676,012	48
Pesticide Control	576	694	1,028	
Public Infrastructure Construction Loan Revolving	993		10	
Public Transportation	627	1,573		94,327
Public Utility	059	-1,514	11,350	
Quincy Veterans Home	619	1,101	7,659	18
Radiation Administration Protection	891	96		
Radiation Inspection	892	102	3	
Radiation Protection	067	63	286	200
Radioactive Waste Facility Closure and Compensation	943	366	323	
Radioactive Waste Facility Development and Operation	942	821	1,311	
Radioactive Waste Site Perpetual Care	735	39		
Rail Freight Loan Repayment	936	486	78	
Real Estate License Administration	850	3,545	1,483	
Real Estate Research and Education	849	46	168	
Salmon	042	195	302	
Secretary of States Grant	948	25	53	
Senior Citizens Real Estate Deferred Tax Revolving	930	11	67	
Snowmobile Trail Establishment	866	121	57	
Solid Waste Management	078		1,709	1,902
Special Events Revolving	989	76	48	
State Boating Act	039	4,945	1,862	4,032
State Community College of East St. Louis Contracts and Grants	767	-92	2,057	
State Employees Deferred Compensation Plan	755	-108	30,215	
State Lottery	711	-14,848	857,084	
State Migratory Waterfowl Stamp	953	304	626	
State Parking Facility Maintenance	782	60	35	
State Parks	040	122	1,993	
State Pensions	054	19,674	18,571	
States Attorneys Appellate Service County	745	133	938	
Technology Innovation and Commercialization	955		164	
Tourism Promotion	763	671	1	15,679
Traffic and Criminal Conviction Surcharge	879	514	6,836	
Transportation Regulatory	018	-52	5,279	

Deduct:		Available Balance June 30, 1987	Expenditures (b) Lapse Period	Budgetary Balance June 30, 1987	Fund Code
Transfers To Other Funds	Expenditures (a)				
	51	49	49		085
	650	246	70	176	538
		2,609		2,609	927
	189	259	117	142	909
	2,881	3,193	101	3,092	710
	1,367	1,054	133	921	708
	357	516	19	497	823
	1,209	3,183	110	3,073	093
		1,390		1,390	057
		183		183	954
	1,607	798	403	395	709
	560	1,650	958	692	036
	263	1,031	13	1,018	997
	4,248	1,863	384	1,479	922
	30	192	67	125	910
		3,474		3,474	975
	926	906	336	570	906
	285,000	3		3	515
	13,918	2,224	1,448	776	762
	2,705	323	294	29	969
	1,458	425	313	112	980
	215	1,002	2	1,000	839
	20,252	8,801	3,270	5,531	050
		56		56	987
	382	497	135	362	920
16,639		13,771		13,771	053
	31,075				961
	4,800				099
	1	23	5	18	986
		529		529	069
	204	144	16	128	914
	6,244	5,181	2,039	3,142	796
	146	159	7	152	889
3,500	5,549	11,790	1	11,789	962
38,144	552,455	196,252	104	196,148	802
	408	1,314	154	1,160	576
		10		10	993
	94,600	1,300		1,300	627
	9,189	647	1,048	-401	059
	6,566	2,212	867	1,345	619
96					891
105					892
	479	70	73	-3	067
		689		689	943
	1,430	702	110	592	942
	10	29	29		735
	170	394		394	936
	1,555	3,473	83	3,390	850
	157	57	42	15	849
	296	201	50	151	042
		78		78	948
	4	74	80	-6	930
	90	88		88	866
852	662	2,097	175	1,922	078
	60	64	6	58	989
	7,629	3,210	334	2,876	039
	1,840	125	82	43	767
	29,965	142	584	-442	755
553,059	288,637	540	18,143	-17,603	711
	226	704		704	953
		95		95	782
	1,607	508	498	10	040
	11,931	26,314	143	26,171	054
	813	258	69	189	745
		164		164	955
	13,044	3,307	2,051	1,256	763
	1,975	5,375	5,300	75	879
	4,618	609	767	-158	018

Changes in Appropriated Budgetary Fund Balances (continued)

Fiscal Year Ended June 30, 1987

(thousands)

(thousands)			Budgetary Balance	Receipts Ordered Into	Transfers From
Fund Group and Fund	Fund Code		June 30, 1986	Treasury	Other Funds
Other Appropriated Funds (Continued):					
Special State Funds (Concluded):					
Vehicle Inspection	963	.....	225	.....	16,975
Violent Crime Victims Assistance	929	.....	1,527	2,331	.....
Wildlife and Fish	041	.....	1,638	16,367	.....
Total, Special State Funds			244,689	2,177,994	554,605
Bond Financed Funds:					
Anti-Pollution	551	.....	31,181	32,502	.....
Build Illinois	971	.....	75,031	211,078	.....
Capital Development	141	.....	117,255	105,172	1,655
Coal Development	653	.....	16,675	1,980	.....
Illinois Civic Center	556	.....	6,392	955	.....
School Construction	143	.....	4,242	1,980	.....
Transportation Bond Series A	553	.....	60,106	74,381	.....
Transportation Bond Series B	554	.....	37,965	23,499	.....
Total, Bond Financed Funds			348,847	451,547	1,655
Debt Service Funds:					
Build Illinois B. R. & I.	970	.....	.....	1,224	25,000
General Obligation B. R. & I.	101	.....	115,902	258,916	474,824
Illinois Civic Center B. R. & I.	105	.....	1,458	3	9,139
Matured Bond and Coupon	625	.....	168	67	.....
Public Welfare Building B. R. & I.	135	.....	1,702	.....	5,936
Universities Building B. R. & I.	133	.....	2,643	.....	6,196
Total, Debt Service Funds			121,873	260,210	521,095
Federal Trust Funds:					
Abandoned Mined Lands Reclamation Council	991	.....	-1,866	13,160	.....
Agricultural Marketing Services	439	.....	8	6	.....
Agriculture Pesticide Control Act	689	.....	115	175	.....
Alcohol, Drug Abuse and Mental Health Services					
Block Grant	876	.....	-409	20,568	.....
Alcoholism and Substance Abuse	646	.....	.....	1,675	.....
C. & F.S. Federal Projects	566	.....	-35	6,606	.....
C. & F.S. Juvenile Justice	911	.....	-640	3,209	.....
C. & F.S. Local Effort Day Care Program	616	.....	694	19,772	.....
Child Welfare Services	061	.....	-801	8,737	.....
Community Development/Small Cities Block Grant	875	.....	-3,186	22,860	26
Community Services Block Grant	871	.....	-437	15,525	.....
Correctional School District Education	603	.....	2,970	2,778	.....
Criminal Justice	488	.....	-237	2,289	.....
DMH/DD Federal Projects	662	.....	981	5,086	.....
Economic Development Services Community					
Development	825	.....	-36	116	.....
Energy Administration	737	.....	-3,593	13,103	.....
Exxon Oil Overcharge Settlement	079	.....	.....	3,860	99,739
Federal Aid Disaster	491	.....	.....	7,087	.....
Federal Carl D. Perkins Scholarship	092	.....	.....	481	.....
Federal Civil Preparedness Administrative	497	.....	137	1,414	.....
Federal Energy	859	.....	-53	1,561	.....
Federal Hardware Assistance	492	.....	7	103	.....
Federal Industrial Service	726	.....	-38	548	.....
Federal Labor Projects	647	.....	1	.....	.....
Federal/Local Airport	095	.....	481	47,537	.....
Federal Mass Transit	853	.....	.....	11,664	.....
Federal Moderate Rehabilitation Housing	851	.....	126	1,121	.....
Federal Student Incentive	701	.....	-16	3,945	.....
Federal Surface Mining Control and Reclamation	765	.....	-51	2,008	.....
Federal Title IV Fire Protection Assistance	670	.....	.....	115	.....
Federal Vocational Education Advisory Council	734	.....	-18	245	.....
Fire Prevention Division	580	.....	28	14	.....
Flood Control Land Lease	443	.....	.....	143	.....
Forest Reserve	086	.....	.....	109	.....
GI Education	447	.....	99	264	.....
Governors Office Federal Grants	908	.....	28	287	.....
Guardianship and Advocacy Commission					
Federal Grant	846	.....	6	16	.....
Higher Education Title II	983	.....	32	568	.....
Human Services Support	857	.....	3	.....	.....
Illinois Arts Council Federal Grant	657	.....	48	547	.....
Illinois Community College Board	519	.....	-481	2,029	.....
Institute of Natural Resources Federal Projects Grant	820	.....	-23	308	.....

Deduct:

Transfers To Other Funds	Expenditures (a)	Available Balance June 30, 1987	Expenditures (b) Lapse Period	Budgetary Balance June 30, 1987	Fund Code
.....	16,052	1,148	2,142	-994	963
.....	1,420	2,438	3	2,435	929
1,400	11,309	5,296	1,213	4,083	041
791,280	1,788,986	397,022	71,663	325,359	.....
.....	45,117	18,566	.....	18,566	551
.....	220,020	66,089	6	66,083	971
.....	135,671	88,411	835	87,576	141
1,655	6,129	10,871	.....	10,871	653
.....	3,827	3,520	.....	3,520	556
.....	1,606	4,616	.....	4,616	143
.....	93,556	40,931	.....	40,931	553
.....	39,243	22,221	.....	22,221	554
1,655	545,169	255,225	841	254,384	.....
.....	26,224	.....	.....	.....	970
.....	727,838	121,804	.....	121,804	101
.....	9,060	1,540	.....	1,540	105
.....	14	221	37	184	625
.....	6,300	1,338	.....	1,338	135
.....	8,094	745	.....	745	133
.....	777,530	125,648	37	125,611	.....
327	10,427	540	2,463	-1,923	991
.....	8	6	1	5	439
.....	185	105	35	70	689
.....	20,021	138	288	-150	876
.....	1,597	78	393	-315	646
.....	5,934	637	549	88	566
.....	2,548	21	454	-433	911
.....	14,711	5,755	877	4,878	616
.....	7,640	296	1,776	-1,480	061
.....	19,383	317	3,057	-2,740	875
.....	14,968	120	2,033	-1,913	871
.....	2,833	2,915	825	2,090	603
.....	1,768	284	889	-605	488
.....	4,543	1,524	922	602	662
.....	66	14	3	11	825
.....	9,464	46	768	-722	737
.....	10,640	92,959	2,282	90,677	079
.....	6,612	475	-3	478	491
.....	451	30	30	.....	092
.....	1,438	113	12	101	497
.....	1,494	14	75	-61	859
.....	95	15	.....	15	492
9	487	14	68	-54	726
.....	1	.....	.....	.....	647
.....	45,533	2,485	.....	2,485	095
.....	11,664	.....	.....	.....	853
.....	1,124	123	6	117	851
.....	3,929	.....	.....	.....	701
.....	1,801	156	198	-42	765
.....	115	.....	.....	.....	670
.....	219	8	28	-20	734
.....	9	33	4	29	580
.....	143	.....	.....	.....	443
.....	109	.....	.....	.....	086
.....	262	101	20	81	447
.....	229	86	53	33	908
.....	12	10	17	-7	846
.....	554	46	.....	46	983
.....	3	.....	.....	.....	857
.....	593	2	11	-9	657
.....	1,407	141	476	-335	519
.....	280	5	16	-11	820

Changes in Appropriated Budgetary Fund Balances (continued)

Fiscal Year Ended June 30, 1987

(thousands)

Add:

Fund Group and Fund	Fund Code	Budgetary Balance June 30, 1986	Receipts Ordered Into Treasury	Transfers From Other Funds
Other Appropriated Funds (Continued):				
Federal Trust Funds (Concluded):				
Intra-Agency Services	883	-252	8,458	17
Job Training	688	973*	111	
Job Training Partnership	913	-47,122	152,796	
Library Services	470	-1,489	4,290	
Local Government Affairs	636	-156	1,577	2
Low Income Home Energy Assistance Block Grant	870	-3,924	64,588	
Maintenance and Calibration	526	20	75	
Maternal and Child Health Services	062	27	238	
Maternal and Child Health Services Block Grant	872	1,348	15,133	
Mines and Minerals Underground Injection Control	077		50	
National Center for Education Statistics	791	55	27	
National Flood Insurance Program	855	30	93	
Nuclear Civil Protection Planning	484	17	74	
Old Age Survivors Insurance	495	-2,463	34,365	
Petroleum Violation	900	98,844	44,871	
Preventive Health and Health Services Block Grant	873	-48	2,350	
Public Health Federal Projects	838	-5	202	
Public Health Services	063	-1,660	14,098	
Rehabilitation Services Elementary and Secondary Education Act	798	127	512	
Rehabilitation Services Federal Grant	831	46*		
S.B.E. CETA and Job Training Partnership Act	656	-957	5,649	
S.B.E. Federal Department of Agriculture	410	-14,453	164,102	
S.B.E. Federal Department of Education	561	-16,987	317,897	
Services for Older Americans	618	-5,121	37,597	
Special Projects Division	607	319	615	
Special Purposes	408	-6,879	62,787	33,963
States Attorneys Appellate Prosecutors Grant	090	-86*	90	
Title III Social Security and Employment Service	052	-736	120,803	
U.S.D.A. Woman and Infant Care	700	-5,556	62,806	
U.S. Environmental Protection	065	576	16,005	
Unemployment Compensation Special Administration	055	3,459	14,862	
Urban Planning Assistance	404	98	127	
Vocational Rehabilitation	081	-2,747	55,345	
Wholesome Meat	476	299	2,775	
Total, Federal Trust Funds		-10,559	1,427,007	133,747
Revolving Funds:				
Air Transportation	309	556	1,096	
Board of Governors Cooperative Computer Center	320	244	4,515	
Communications	312	-19,533	83,504	
Office Supplies	307	-615	2,757	
Paper and Printing	308	-41	2,718	
State Garage	303	-2,112	22,065	
State Surplus Property	903	593	1,028	
Statistical Services	304	1,011	34,282	
Working Capital	301	1,149	14,051	
Total, Revolving Funds		-18,748	166,016	
State Trust Funds:				
Agricultural Master	440	75	289	
C.D.B. Contributory	617	3,672	13,577	
C. & F.S. Special Purpose	582	3*	150	
Charles S. Mott Foundation	760	11	10	
Child Enforcement	957	8,836	73,749	
Environmental Protection	845	353	283	
Firearm Owners Notification	071	87*	217	
Group Insurance Premium	457	17,711	16,652	
Housing	467	133	7	
I.D.O.T. Metropolitan Sanitary District	843	45	200	
Illinois Rural Rehabilitation	595	515	59	
Institute Of Natural Resources Special Projects	834	2	180	
Land and Water Recreation	465	347	3,170	
Land Reclamation	858	30	12	
Narcotics Profit Forfeiture	951		8	
Prairie State 2000	992	1,800	23	
Public Assistance Recoveries	421	7,813	39,953	
Public Health Special State Projects	896		90	
Robert Wood Johnson Foundation	830	-13	26	
Safety Responsibility	436	1,874*	1,513	

Deduct:		Available Balance June 30, 1987	Expenditures (b) Lapse Period	Budgetary Balance June 30, 1987	Fund Code
Transfers To Other Funds	Expenditures (a)				
2	6,953	1,268	925	343	883
.....	.....	1,084	237	847	688
.....	103,192	2,482	43,997	-41,515	913
.....	2,772	29	1,805	-1,776	470
8	1,181	234	274	-40	636
.....	60,545	119	5,443	-5,324	870
.....	69	26	4	22	526
.....	207	58	87	-29	062
.....	14,204	2,277	31	2,246	872
.....	7	43	62	-19	077
.....	49	33	.....	33	791
.....	94	29	.....	29	855
.....	75	16	6	10	484
.....	31,463	439	1,953	-1,514	495
99,739	12,656	31,320	149	31,171	900
.....	2,143	159	8	151	873
.....	91	106	78	28	838
.....	11,407	1,031	1,938	-907	063
.....	369	270	75	195	798
.....	45	1	.....	1	831
.....	4,616	76	1,055	-979	656
.....	149,540	109	10,159	-10,050	410
.....	300,226	684	15,455	-14,771	561
.....	30,318	2,158	8,729	-6,571	618
.....	873	61	65	-4	607
.....	86,104	3,767	3,652	115	408
.....	3	1	1	.....	090
.....	110,705	9,362	10,209	-847	052
.....	56,317	933	9,624	-8,691	700
.....	14,994	1,587	3,289	-1,702	065
.....	4,827	13,494	5,199	8,295	055
26	172	27	19	8	404
.....	51,853	745	3,033	-2,288	081
.....	2,938	136	173	-37	476
100,111	1,266,308	183,776	146,360	37,416	.....
.....	646	1,006	107	899	309
.....	4,037	722	308	414	320
.....	63,107	864	17,323	-16,459	312
.....	2,078	64	657	-593	307
.....	2,350	327	491	-164	308
.....	18,005	1,948	4,070	-2,122	303
.....	862	759	93	666	903
.....	34,246	1,047	4,329	-3,282	304
.....	11,676	3,524	4,037	-513	301
.....	137,007	10,261	31,415	-21,154	.....
.....	283	81	55	26	440
4	14,853	2,392	35	2,357	617
.....	22	131	50	81	582
.....	8	13	5	8	760
6,056	56,137	20,392	11,881	8,511	957
.....	292	344	1	343	845
.....	203	101	35	66	071
.....	26,680	7,683	1,185	6,498	457
.....	25	115	.....	115	467
.....	119	126	.....	126	843
.....	58	516	10	506	595
.....	90	92	14	78	834
.....	3,147	370	.....	370	465
.....	2	40	.....	40	858
.....	.....	8	8	.....	951
.....	510	1,313	82	1,231	992
16,974	19,728	11,064	283	10,781	421
.....	87	3	35	-32	896
.....	11	2	2	.....	830
12	1,206	2,169	.....	2,169	436

Changes in Appropriated Budgetary Fund Balances (concluded)

Fiscal Year Ended June 30, 1987

(thousands)

<u>Fund Group and Fund</u>	<u>Fund Code</u>	<u>Budgetary Balance June 30, 1986</u>	<u>Receipts Ordered Into Treasury</u>	<u>Transfers From Other Funds</u>
Other Appropriated Funds (Concluded):				
State Trust Funds (Concluded):				
State Projects	448	.....	255	.....
State Scholarship Commission Student Loan	676	19,944	149,206	.....
Total, State Trust Funds		63,238	299,629	.....
Total, Other Appropriated Funds		\$ 923,757	\$ 6,972,641	\$ 2,036,367
Total, Appropriated Funds		\$ 771,064	\$ 17,210,004	\$ 4,372,498

* Non-Appropriated fund in fiscal year 1986.

(a) Expenditures from appropriated funds include expenditures against fiscal year 1987 appropriations as reflected in the Schedule of Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances, plus expenditures totaling \$473,408 against no appropriation accounts, less warrants totaling \$14,909 issued in prior fiscal years which were returned (refunds) or voided during the current fiscal year.

(b) Lapse period expenditures from appropriated funds include expenditures against fiscal year 1987 appropriations as reflected in the Schedule of Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances, plus expenditures totaling \$11,446 against no appropriation accounts.

See accompanying Note to Financial Statements and Schedules

Deduct:

Transfers To Other Funds	Expenditures (a)	Available Balance June 30, 1987	Expenditures (b) Lapse Period	Budgetary Balance June 30, 1987	Fund Code
.....	235	20	66	-46	448
172	125,286	43,692	24,340	19,352	676
23,218	248,982	90,667	38,087	52,580	.....
\$ 1,819,626	\$ 6,630,538	\$ 1,482,601	\$ 415,686	\$ 1,066,915	.....
\$ 4,186,911	\$ 16,529,772	\$ 1,636,883	\$ 888,261	\$ 748,622	.....

Changes in Non-Appropriated Budgetary Fund Balances

Fiscal Year Ended June 30, 1987

(thousands)

Fund Group and Fund	Fund Code	Budgetary Balance June 30, 1986	Receipts Ordered Into Treasury	Transfers From Other Funds
Federal Trust Funds:				
Agriculture Federal Projects	826	\$ 76*	\$ 148	
Attorney General Federal Grant	988	11	36	
C. & F.S. Refugee Assistance	684	-93*	2,514	
Central Management Services Federal Projects	964	-17	148	
Conservation Federal Projects	894	*	288	
Correctional Special Purpose	547	-1	118	
DORS Job Training Partnership	667	2		
Department of Law Enforcement Federal Projects	904	56	610	
Governors Office of Volunteer Resources Federal Grant	819	2		
Illinois Commerce Commission Federal Projects Grant	818		12	
Intergovernmental Cooperation Commission Federal Projects Grant	952	1	1	
Intergovernmental Personnel Act	585	1		
Law Enforcement Officers Training Board Federal Projects	923	-15	127	
Morrill Trust	411		50	
Social Services Block Grant	935		144,833	
Tennessee Valley Authority Local	861		108	
Veterans Affairs Federal Projects	897	-20	91	
Wagner-Peyser 7(b) Discretionary	926	163		
Total, Federal Trust Funds		\$ 166	\$ 149,084	
State Trust Funds:				
Armory Rental	416	\$ 48	\$ 116	
Attorney General Court Order Distribution	801	5	32	
Attorney General Forfeited Property Administration	967	25	39	
C.D.B. State Projects	203		75	
Child Abuse Prevention Donation	946	3*	1	
Compensation Rate Adjustment	685	2,800	3,418	
Conservation Special Projects	884		4	
County Automobile Renting Tax	869	-3	32	
County Retailers Occupation Tax	425	7,138	99,479	
County Water Commission Tax	084		12,943	
DMH/DD Private Resources	690	-46*	176	
Deferred Lottery Prize Winners Trust	978		10,305	
Direct Deposit Administration	200		17	
DuQuoin State Fair Harness Racing	098		1,131	
E.P.A. Special State Projects	074	495		
East St.Louis Development Authority	075	42	91	
Education Labor Relations Board Fair Share	996	27	72	
Environmental	977	236	107	
Export Development Bond	966	550	43	
Farm Credit Payment Adjustment	968	465	191	
Flexible Spending Account	202		448	
Garnishment	659	267	1,494	
General Assembly Retirement	481	438	3,637	
I.S.S.C. Loan Purchase Program Payroll	773	-36	1,585	
Illinois Agricultural Loan Guarantee	994	7,000	10,000	
Illinois Council On Vocational Education	068	29		
Illinois Farmer and Agri-Business Loan Guarantee	205		7,760	
Illinois Municipal Retirement	475	2,262	381,061	
Illinois State Board of Investments	529	26	690	
Illinois State Toll Highway Revenue	455	96,507	202,858	
Illinois Tourism Tax	452	54	4,827	
J. J. Wolf Memorial for Conservation Investigation	931	1	4	
Judges Retirement	477	1,883	16,339	
Kaskaskia Commons Permanent School	441	219	21	
Library Trust	893	-718	3,281	
Metro East Mass Transit District Tax	841	792	6,699	
Municipal Automobile Renting Tax	868	-136	2,093	
Municipal Retailers Occupation Tax	402	103,947	704,712	\$ 681
Pawnee v. Johnson #83-MR-150 Interest Escrow Account	932	817	190	
Pollution Control Board	207		35	
Prairie State Games Grant	933	-107	857	
Protest	401	116,767	125,941	
Public Building	409	2,271	630	
R.T.A. Public Transportation Tax	741		149	
R.T.A. Sales Tax	812	16,367	377,028	681
Real Estate Recovery	629	1,562	243	

Deduct:

Transfers To Other Funds	Expenditures	Available Balance June 30, 1987	Expenditures Lapse Period	Budgetary Balance June 30, 1987	Fund Code
	\$ 151	\$ 73	\$ 57	\$ 16	826
	41	6	11	-5	988
	2,340	81	267	-186	684
	113	18	36	-18	964
	188	100	94	6	894
	102	15	18	-3	547
		2		2	667
	184	482	451	31	904
		2		2	819
	8	4	5	-1	818
		2		2	952
		1		1	585
	91	21	17	4	923
	50				411
\$ 144,753		80		80	935
	108				861
	71				897
		163		163	926
\$ 144,753	\$ 3,447	\$ 1,050	\$ 956	\$ 94	
	\$ 81	\$ 83	\$ 17	\$ 66	416
	5	32	5	27	801
	55	9		9	967
	71	4	3	1	203
\$ 4					946
	3,937	2,281	-4	2,285	685
		4		4	884
	29		2	-2	869
1,838	93,094	11,685	1	11,684	425
225	11,029	1,689		1,689	084
	87	43	68	-25	690
	10,087	218		218	978
	17				200
	549	582		582	098
	377	118	8	110	074
	127	6	6		075
	9	90	10	80	996
		343		343	977
	258	335	19	316	966
476		180		180	968
	297	151	264	-113	202
	1,454	307		307	659
	3,599	476	21	455	481
	1,475	74	70	4	773
		17,000		17,000	994
	29				068
		7,760		7,760	205
	382,533	790	740	50	475
	666	50	88	-38	529
	140,893	158,472	1,341	157,131	455
170	4,073	638		638	452
		5		5	931
	15,784	2,438	12	2,426	477
	21	219		219	441
	2,376	187	1,147	-960	893
	6,932	559		559	841
33	1,922	2	338	-336	868
11,039	733,919	64,382	67	64,315	402
	998	9		9	932
	6	29	29		207
	633	117	263	-146	933
23,555	1,130	218,023		218,023	401
288	219	2,394		2,394	409
1	148				741
	379,072	15,004	46	14,958	812
	71	1,734		1,734	629

Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances

Comptroller
State of Illinois
Fiscal Control Officer Responsibilities

Fiscal Year Ended June 30, 1987

(thousands)				Expenditures (a)		Balance Lapsed at
Fund Group and Fund		Fund Code	Appropriations	Year Ended June 30, 1987	Lapse Period	September 30, 1987 (b)
General Funds:						
General Revenue		001	\$ 8,404,275	\$ 7,752,245	\$ 472,439	\$ 179,591
Common School		412	2,151,671	2,151,453	137	81
Total, General Funds			\$ 10,555,946	\$ 9,903,698	\$ 472,576	\$ 179,672
Other Appropriated Funds:						
Highway Funds:						
Road		011	\$ 1,601,102	\$ 931,471	\$ 56,391	\$ 613,240
State Construction Account		902	849,530	413,988	.....	435,542
Motor Fuel Tax .....		.....	.....	.....	.....	.....
State		012	43,035	36,626	4,799	1,610
Counties		413	115,300	106,002	9,151	147
Municipalities		414	161,700	148,650	12,833	217
Townships and Road Districts		415	52,300	48,120	4,154	26
Grade Crossing Protection		019	31,371	3,007	.....	28,364
Total, Highway Funds			2,854,338	1,687,864	87,328	1,079,146
University and College Income Funds:						
Board of Governors						
Chicago State University		030	6,867	5,532	1,050	285
Eastern Illinois University		034	10,913	10,142	759	12
Governors State University		027	4,050	3,156	886	8
Northeastern Illinois University		037	7,380	6,391	961	28
Western Illinois University		038	11,829	10,556	1,268	5
Board of Regents						
Illinois State University		028	21,167	18,777	2,318	72
Northern Illinois University		029	23,918	20,292	3,606	20
Sangamon State University		020	2,274	1,357	915	2
Southern Illinois University		035	45,205	36,217	7,864	1,124
State Community College of East St. Louis		766	485	359	28	98
University Income (University of Illinois)		032	87,817	66,105	20,300	1,412
Total, University and College Income Fund			221,905	178,884	39,955	3,066
Special State Funds:						
Aeronautics		046	145	109	28	8
Agricultural Premium		045	39,125	33,171	3,719	2,235
Alzheimers Disease Research		060	100	100	-6	6
Attorney Generals Grant		901	100	.....	.....	100
Bank and Trust Company		795	8,168	6,771	1,280	117
Bi-State Public Transportation		794	8,200	4,065	3,777	358
Build Illinois Capital Revolving Loan		973	700	.....	.....	700
Build Illinois Purposes		972	84,651	37,206	.....	47,445
Child Abuse Prevention		934	500	319	-4	185
Coal Technology Development Assistance		925	5,000	4,261	739	.....
Continuing Legal Education		844	119	43	17	59
Criminal Justice Information Systems Trust		886	869	459	39	371
Cycle Rider Safety Training		863	2,363	1,338	11	1,014
Department of Children and Family						
Services Training		094	1,000	158	257	585
Design Professionals Administration						
and Investigation		888	830	615	113	102
Domestic Violence Shelter and Service		865	2,500	.....	.....	2,500
Downstate Public Transportation		648	12,635	9,598	466	2,571
Dram Shop		821	4,130	4,048	23	59
Drivers Education		031	20,400	20,398	1	1
Drug Traffic Prevention		878	1,494	132	.....	1,362
Environmental Protection Permit						
and Inspection		944	850	228	72	550
Estate Tax Collections Distributive		815	4,950	3,289	1,491	170
Fair and Exposition		245	970	970	.....	.....
Farm Emergency Assistance		995	26,000	20,253	33	5,714
Federal Job-Training Information Systems						
Revolving		083	1,100	632	207	261
Fire Prevention		047	7,651	5,729	1,718	204
Food and Housing Assistance		959	201	1	88	112

Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances (continued)

Comptroller
State of Illinois
Fiscal Control Officer Responsibilities

Fiscal Year Ended June 30, 1987

(thousands)			Expenditures (a)			Balance Lapsed at
Fund Group and Fund	Fund Code	Appropriations	Year Ended June 30, 1987	Lapse Period	September 30, 1987 (b)	
Other Appropriated Funds (Continued):						
Special State Funds (Continued):						
Governors Grant	947	5	.....	.....	5	
Hazardous Waste	828	1,500	92	218	1,190	
Hazardous Waste Research	840	315	78	219	18	
Health Insurance Reserve	907	201.850	189,148	12,700	2	
Hearing Aid Dispenser Examining and Certification	938	201	113	7	81	
Illinois Bank Examiners Education	201	7	.....	7	.....	
Illinois Equity	974	250	.....	.....	250	
Illinois Forestry Development	905	497	184	4	309	
Illinois Gaming Law Enforcement	085	2,087	51	49	1,987	
Illinois Historic Sites	538	1,269	650	70	549	
Illinois Network for Opportunity	921	40	.....	.....	40	
Illinois Non-Game Wildlife Conservation	909	350	189	117	44	
Illinois Racetrack Improvement	710	4,000	2,881	101	1,018	
Illinois Standardbred Breeders	708	1,800	1,367	133	300	
Illinois State Dental Disciplinary	823	422	358	19	45	
Illinois State Medical Disciplinary	093	1,374	1,208	110	56	
Illinois Thoroughbred Breeders	709	2,600	1,607	403	590	
Illinois Veterans Rehabilitation	036	1,800	747	958	95	
Insurance Financial Regulation	997	590	263	13	314	
Insurance Producer Administration	922	4,925	4,248	384	293	
Juvenile Drug Abuse	910	100	33	67	.....	
Large Business Attraction	975	6,100	.....	.....	6,100	
Law Enforcement Services	906	2,703	926	336	1,441	
Lieutenant Governors Grant	924	10	.....	.....	10	
Local Government Distributive	515	285,000	285,000	.....	.....	
Local Initiative	762	16,468	14,055	1,447	966	
Local Tourism	969	3,000	2,706	294	.....	
Manteno Veterans Home	980	2,606	1,459	313	834	
Medical Center Commission Income	839	478	231	2	245	
Mental Health	050	24,075	20,304	3,270	501	
Mental Health Education	987	100	.....	.....	100	
Metabolic Screening and Treatment	920	550	381	135	34	
Metropolitan Fair and Exposition Authority Improvement Bond	961	32,048	31,075	.....	973	
Metropolitan Fair and Exposition Authority Reconstruction	099	4,800	4,800	.....	.....	
Missing and Exploited Children Trust	986	100	1	5	94	
Natural Resources Information	914	327	204	16	107	
Nuclear Safety Emergency Preparedness	796	10,262	6,246	2,040	1,976	
Optometric Examining and Disciplinary Committee	889	164	146	7	11	
Park and Conservation	962	24,321	5,548	1	18,772	
Personal Property Tax Replacement	802	552,562	552,455	104	3	
Pesticide Control	576	622	408	154	60	
Public Infrastructure Construction Loan Revolving	993	100	.....	.....	100	
Public Transportation	627	94,600	94,600	.....	.....	
Public Utility	059	10,583	9,189	1,048	346	
Quincy Veterans Home	619	7,594	6,566	867	161	
Radiation Protection	067	958	479	73	406	
Radioactive Waste Facility Development and Operation	942	1,933	1,430	110	393	
Radioactive Waste Site Perpetual Care	735	40	10	29	1	
Rail Freight Loan Repayment	936	567	170	.....	397	
Real Estate License Administration	850	1,723	1,555	83	85	
Real Estate Research and Education	849	255	157	42	56	
Salmon	042	353	296	50	7	
Senior Citizens Real Estate Deferred Tax Revolving	930	170	5	80	85	
Snowmobile Trail Establishment	866	178	90	.....	88	
Solid Waste Management	078	3,250	662	174	2,414	
Special Events Revolving	989	220	60	6	154	
State Boating Act	039	14,107	7,629	334	6,144	

Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances (continued)

Comptroller
State of Illinois
Fiscal Control Officer Responsibilities

Fiscal Year Ended June 30, 1987

(thousands)			Expenditures (a)		Balance Lapsed at
Fund Group and Fund	Fund Code	Appropriations	Year Ended June 30, 1987	Lapse Period	September 30, 1987 (b)
Other Appropriated Funds (Continued):					
Special State Funds (Concluded):					
State Community College of East St. Louis Contracts and Grants	767	2,200	1,840	83	277
State Employees Deferred Compensation Plan	755	417	347	57	13
State Lottery	711	377,573	288,637	18,143	70,793
State Migratory Waterfowl Stamp	953	872	226	.....	646
State Parks	040	2,201	1,607	498	96
State Pensions	054	12,154	11,932	142	80
States Attorneys Appellate Service County	745	1,007	813	69	125
Superconductor Supercollider	985	500	.....	.....	500
Technology Innovation and Commercialization	955	1,000	.....	.....	1,000
Tourism Promotion	763	15,565	13,050	2,051	464
Traffic and Criminal Conviction Surcharge	879	7,288	1,975	5,300	13
Transportation Regulatory	018	6,532	4,618	767	1,147
Vehicle Inspection	963	21,114	16,053	2,141	2,920
Violent Crime Victims Assistance	929	1,501	1,427	3	71
Wildlife and Fish	041	13,739	11,311	1,213	1,215
Wildlife Conservation	912	50	.....	.....	50
Total, Special State Funds		2,027,373	1,759,789	71,135	196,449
Bond Financed Funds:					
Anti-Pollution	551	132,148	45,117	.....	87,031
Build Illinois	971	544,307	126,783	6	417,518
Capital Development	141	682,959	135,674	.....	547,285
Coal Development	653	22,992	6,129	835	16,028
Illinois Civic Center	556	8,220	3,772	.....	4,448
School Construction	143	32,116	1,606	.....	30,510
Transportation Bond Series A	553	196,406	93,555	.....	102,851
Transportation Bond Series B	554	298,099	39,243	.....	258,856
Total, Bond Financed Funds		1,917,247	451,879	841	1,464,527
Debt Service Funds:					
Build Illinois B. R. & I.	970	26,224	26,000	224	.....
General Obligation B. R. & I.	101	488,302	480,338	.....	7,964
Illinois Civic Center B. R. & I.	105	10,000	9,060	.....	940
Matured Bond and Coupon	625	65	14	37	14
Public Welfare Building B. R. & I.	135	6,300	6,300	.....	.....
Universities Building B. R. & I.	133	8,094	8,094	.....	.....
Total, Debt Service Funds		538,985	529,806	261	8,918
Federal Trust Funds:					
Abandoned Mined Lands Reclamation Council	991	17,385	10,527	2,423	4,435
Agricultural Marketing Services	439	100	8	.....	92
Agriculture Pesticide Control Act	689	232	185	35	12
Alcohol, Drug Abuse and Mental Health Services Block Grant	876	20,624	20,084	288	252
Alcoholism and Substance Abuse	646	4,913	1,597	393	2,923
C. & F.S. Federal Projects	566	5,561	1,617	515	3,429
C. & F.S. Juvenile Justice	911	5,589	2,548	454	2,587
C. & F.S. Local Effort Day Care Program	616	15,944	14,711	877	356
Child Welfare Services	061	9,660	7,643	1,776	241
Community Development/Small Cities Block Grant	875	80,852	19,690	3,057	58,105
Community Services Block Grant	871	23,858	15,019	2,032	6,807
Criminal Justice	488	11,412	1,768	884	8,760
DMH/DD Federal Projects	662	9,375	4,542	922	3,911
Economic Development Services Community Development	825	194	66	3	125
Energy Administration	737	19,440	9,464	769	9,207
Exxon Oil Overcharge Settlement	079	33,790	10,640	2,282	20,868
Federal Aid Disaster	491	21,205	4,047	.....	17,158
Federal Civil Preparedness Administration	497	2,268	1,438	12	818
Federal Energy	859	2,431	1,494	75	862
Federal Hardware Assistance	492	1,236	95	.....	1,141

Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances (continued)

Comptroller
State of Illinois
Fiscal Control Officer Responsibilities

Fiscal Year Ended June 30, 1987

(thousands)			Expenditures (a)		Balance Lapsed at
Fund Group and Fund	Fund Code	Appropriations	Year Ended June 30, 1987	Lapse Period	September 30, 1987 (b)
Other Appropriated Funds (Continued):					
Federal Trust Funds (Concluded):					
Federal Industrial Service	726	730	488	68	174
Federal Labor Projects	647	1			1
Federal/Local Airport	095	143,402	45,534		97,868
Federal Carl D. Perkins Scholarship	092	750	451	30	269
Federal Mass Transit	853	62,581	11,664		50,917
Federal Moderate Rehabilitation Housing	851	2,036	1,124	6	906
Federal Student Incentive	701	4,200	3,929		271
Federal Surface Mining Control and Reclamation	765	2,401	1,769	167	465
Federal Title IV Fire Protection Assistance	670	323	115		208
Federal Vocational Education Advisory Council	734	323	219	28	76
Fire Prevention Division	580	20	9	4	7
Flood Control Land Lease	443	225	143		82
Forest Reserve	086	250	109		141
GI Education	447	464	261	20	183
Governors Office Federal Grants	908	100	74	2	24
Guardianship and Advocacy Commission					
Federal Grant	846	6	6		
Higher Education Title II	983	1,399	614		785
Human Services Support	857	3	3		
Illinois Arts Council Federal Grant	657	702	599	11	92
Illinois Community College Board	519	2,235	1,359	474	402
Institute of Natural Resources Federal					
Projects Grant	820	409	246	13	150
Intra-Agency Services	883	10,435	6,953	925	2,557
Job Training	688	400		237	163
Job Training Partnership	913	257,497	109,121	43,997	104,379
Library Services	470	7,500	2,772	1,805	2,923
Local Government Affairs	636	3,096	1,184	274	1,638
Low Income Home Energy Assistance					
Block Grant	870	99,264	60,618	5,443	33,203
Maintenance and Calibration	526	84	70	4	10
Maternal and Child Health Services	062	320	207	87	26
Maternal and Child Health Services					
Block Grant	872	32,804	14,312	32	18,460
Mines and Minerals Underground					
Injection Control	077	250	7	62	181
National Center for Education Statistics	791	70	49		21
National Flood Insurance Program	855	266	94		172
Nuclear Civil Protection Planning	484	124	76	6	42
Old Age Survivors Insurance	495	49,746	31,465	1,953	16,328
Petroleum Violation	900	43,380	12,656	149	30,575
Preventive Health and Health Services					
Block Grant	873	3,683	2,142	8	1,533
Public Health Federal Projects	838	185	13	78	94
Public Health Services	063	17,657	11,413	1,938	4,306
Rehabilitation Services Elementary and					
Secondary Education Act	798	773	369	75	329
Rehabilitation Services Federal Grants	831	45	45		
S.B.E. CETA and Job Training Partnership Act	656	6,674	4,483	1,055	1,136
S.B.E. Federal Department of Agriculture	410	160,652	149,566	10,158	928
S.B.E. Federal Department of Education	561	351,425	301,745	15,455	34,225
Services for Older Americans	618	41,566	30,311	8,729	2,526
Soil Conservation Service	887	400			400
States Attorneys Appellate Prosecutors Grant	090	90	3	1	86
Special Projects Division	607	1,029	858	61	110
Special Purposes	408	83,283	60,557	2,843	19,883
Title III Social Security and Employment Service	052	145,290	109,721	10,209	25,360
U.S.D.A. Woman and Infant Care	700	68,816	56,340	9,624	2,852
U.S. Environmental Protection	065	27,505	14,995	3,289	9,221
Unemployment Compensation Special					
Administration	055	11,860	4,827	5,199	1,834
Urban Planning Assistance	404	266	174	19	73
Vocational Rehabilitation	081	63,248	51,853	3,000	8,395
Wholesome Meat	476	3,146	2,938	173	35
Total, Federal Trust Funds		2,001,458	1,237,836	144,508	619,114

Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances (concluded)

Comptroller
State of Illinois
Fiscal Control Officer Responsibilities

Fiscal Year Ended June 30, 1987

(thousands)			Expenditures (a)		Balance Lapsed at
Fund Group and Fund	Fund Code	Appropriations	Year Ended June 30, 1987	Lapse Period	September 30, 1987 (b)
Other Appropriated Funds (Concluded):					
Revolving Funds:					
Air Transportation	309	900	646	107	147
Board of Governors Cooperative					
Computer Center	320	4,871	4,038	307	526
Communications	312	96,672	63,107	17,323	16,242
Office Supplies	307	3,266	2,077	657	532
Paper and Printing	308	3,166	2,350	491	325
State Garage	303	25,744	18,006	4,070	3,668
State Surplus Property	903	1,035	862	94	79
Statistical Services	304	43,678	34,248	4,329	5,101
Working Capital	301	19,548	11,686	4,037	3,825
Total, Revolving Funds		198,880	137,020	31,415	30,445
State Trust Funds:					
Agricultural Master	440	386	283	55	48
C. & F.S. Special Purpose	582	280	22	50	208
C.D.B. Contributory	617	4,673	1,601	35	3,037
Charles S. Mott Foundation	760	14	8	5	1
Child Enforcement	957	31,842	25,463	2,888	3,491
Environmental Protection	845	536	293	1	242
Firearm Owners Notification	071	300	203	35	62
Group Insurance Premium	457	30,494	26,680	1,185	2,629
Housing	467	76	25		51
I.D.O.T. Metropolitan Sanitary District	843	9,041	120		8,921
Illinois Arts Council	965	8			8
Illinois Rural Rehabilitation	595	528	58	10	460
Institute of Natural Resources Special Projects	834	500			500
Land and Water Recreation	465	10,373	3,148		7,225
Land Reclamation	858	94	2		92
Narcotic Profit Forfeiture	951	10		8	2
Prairie State 2000	992	715	513	83	119
Public Health Special State Projects	896	168	87	35	46
Robert Wood Johnson Foundation	830	75	11	2	62
Safety Responsibility	436	1	1		
State Projects	448	850	235	66	549
State Scholarship Commission Student Loan ..	676	150,975	125,743	24,339	893
Total, State Trust Funds		241,939	184,496	28,797	28,646
Total, Other Appropriated Funds		\$ 10,002,125	\$ 6,167,574	\$ 404,240	\$ 3,430,311
Total, Appropriated Funds		\$ 20,558,071	\$ 16,071,272	\$ 876,816	\$ 3,609,983

(a) These amounts include only expenditures against fiscal year 1987 appropriations.

(b) \$2,899,124 has been reappropriated to fiscal year 1988.

See Accompanying Note to Financial Statements and Schedules

Note To Budgetary Financial Statements & Schedules

Note 1—Basis of Budgetary Financial Statements and Schedules

Description of Fiscal Control Officer Responsibilities:

The Comptroller is the chief fiscal officer of the State of Illinois and is responsible for maintaining the State's central fiscal accounting records. The Comptroller provides (1) an accounting control over monies in the State Treasury and (2) a control over the issuance of warrants for payment of agencies' expenditures including ascertaining that sufficient appropriations and fund balances exist before payments are made.

The Treasurer is custodian of the State's cash and investments and is accountable for the balances in many separate funds which are considered to be either in the State Treasury or outside the State Treasury.

The Comptroller's Office control over funds in the State Treasury is maintained through the following procedures: (1) receipts can be ordered into the State Treasury only by the Comptroller; (2) expenditures can be made from the State Treasury only by warrants issued by the Comptroller; and (3) transfers between funds in the State Treasury must be approved by the Comptroller.

Accounting control for funds outside the State Treasury, composed primarily of the Treasurer's clearing accounts, is the responsibility of other State agencies. Further, the Comptroller is not responsible for determining that all cash received by State agencies is deposited into the State Treasury or for determining that all State agencies' internal accounting controls and procedures are such that expenditures represent payments for goods and services received by agencies.

Policies Followed For Preparation of Budgetary Financial Statements and Schedules:

The budgetary financial statements and schedules included on pages 84 through 104 present the balances and transactions relating to the fiscal year ended June 30, 1987.

Receipts consist of all cash ordered into the State Treasury by the Comptroller during the fiscal year.

Expenditures consist of warrants issuance by the Comptroller (1) during the fiscal year and (2) during the subsequent July 1 through September 30 (the lapse period) for payment of obligations incurred on or before June 30 (lapse period expenditures) except for the prior year's lapse period expenditures and warrants for accounts which were reappropriated for 1988 and for certain non-appropriated accounts.

The negative budgetary balances of several funds represent a deficit to the extent that expenditures during the lapse period were in excess of the June 30 available balance.

Funds which have both appropriated and non-appropriated accounts are included in appropriated funds.

The budgetary financial statements and schedules for the State of Illinois, presented on pages 84 through 104, do not present the financial position of the State of Illinois nor the changes in its fund balances in conformity with generally accepted accounting principles because, among other things, (1) they do not include a balance sheet setting forth balances for the State's cash, investments, fixed assets, bonded indebtedness, certain other liabilities, such as those related to pensions, the unemployment trust fund, and locally-held funds, and (2) they do not recognize all revenues receivable as of fiscal year-end. Also, no consideration is given to the existence or disclosure, if appropriate, of commitments or contingent liabilities. In addition, budgetary receipts and expenditures include not only transactions with parties outside the State government but also (1) non-statutory transfers which are made by the issue of warrants and (2) purchases and sales of security investments for retirement systems and certain other agencies.

The Office of the Comptroller wishes to express gratitude for the assistance of John Campbell, Dean of the University of Illinois College of Agriculture, Chris Scherer and Paul Hixon.

Photographs on pages 1, 53, 61 and 83 courtesy of the University of Illinois.

Photographs on pages i, 10, and 55 courtesy of Paul Hixon.

